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Bonn Cites Doubts On Economic Plan Adopted at Summit

Readers
TOKYO — National politics in the seven major industrial nations could undercut a U.S.-inspired plan adopted by the Tokyo summit meeting to police economic growth and currency rates, a West German official said Wednesday.
Finance Minister Gerhard Stoltenberg also said that five key summit nations would continue to consult among themselves on economic strategy despite an agreement to admit Canada and Italy to regular economic planning sessions.
The West German minister's comments on the economic plan echoed the more skeptical line about its effectiveness taken by other European nations at the conference.
Britain's Treasury Secretary, Nigel Lawson, said it amounted to very little change. The Americans have been more enthusiastic, seeing it as a instrument to straighten out huge imbalances in Western trade.
Mr. Stoltenberg said the Tokyo economic declaration, which aims to achieve stability through closer

Reagan Praises Summit Says U.S. Is Free To Act Alone On Terrorism

By David Hoffman
Washington Post Service
TOKYO — President Ronald Reagan said Wednesday that allied leaders had agreed to "act together" to fight terrorism in a way that does not preclude such unilateral military action as the U.S. bombing of Libya last month.
But Mr. Reagan also said that the leaders of the seven major industrial democracies had agreed that the battle against terrorism "shouldn't be dependent on a single nation to try and find an answer."
[President Reagan said at Elmendorf Air Force Base in Alaska, where he stopped Wednesday en route home from the summit conference, that in Tokyo the United States got "all we sought," particularly a tough allied stand against terrorism, United Press International reported.]
(Mr. Reagan, his wife, Nancy, and aides made a 58-minute rest stop at the base at Anchorage half-way through their 14-and-a-half-hour journey to Washington. The president was scheduled to be back at the White House about 2 P.M. EDT, officials said.)
In his news conference at the conclusion of the summit meeting, Mr. Reagan said the allies were ready to "isolate those states that provide support for terrorism, to isolate them and make them pariahs on the world scene and even, if possible, to isolate them from their own people."
He denied that the U.S. bombing attacks on April 15 were intended to kill the Libyan leader, Colonel Muammar Qaddafi. But, he added, "I don't think any of us would have shed tears if that had happened."
Asked about news reports that the United States might be planning another attack against Libya, Mr. Reagan said none was planned.
Although last month's strike was criticized at the time by some allies, Mr. Reagan stressed repeatedly that the summit conference leaders had agreed to a "unified front" in opposing terrorism.
While the United States reserves the right to act unilaterally, Mr. Reagan said, he suggested that the allies would decide jointly on retaliation against terrorists. He said the nations "together will decide upon what is appropriate, depending on the acts, what is the most effective thing to do."
He said that all the "tools and weapons" available for combating terrorism had been discussed, although the other leaders had offered differing views on how far their countries were willing to go.
He acknowledged that the other leaders had privately discussed with him their nations' economic and political ties to Libya.
"All of them were talking about their problems, their relationship with Libya, and many of them were making suggestions to what they thought they were going to do," Mr. Reagan said.
He said the statement on terrorism issued Monday was a message to nations other than Libya that sponsor terrorist actions. The statement, he said, was "saying to those other countries, 'We intend to take them down and we realize that they are covered by this agreement — that they will have to face all of us united if we get evidence that they are doing this.'"
His comments came at the end of what he described as "this triumph at Tokyo," which he called the See REAGAN, Page 2



President Ronald Reagan chose a questioner Wednesday during a news conference in Tokyo before returning to Washington from the 12th annual economic summit meeting.

Senate Rejects U.S. Arms Sale To Saudi Arabia By Wide Margin

By Edward Walsh
Washington Post Service
WASHINGTON — The Senate has voted 73-22 to reject a proposed \$354-million arms sale to Saudi Arabia.
The vote marked the first time the Senate has explicitly rejected a proposed arms sale, and the margin, if sustained, was large enough to override an almost-certain veto of the resolution by President Ronald Reagan.
The House was expected to vote on the resolution Wednesday, with opponents of the sale predicting final passage by close to the two-thirds majority necessary to override a veto.
Passage of the disapproval resolution by both chambers had been expected, with the crucial battle ahead over the attempt to override the anticipated veto.
Opponents of the sale, led by Senator Alan Cranston, a Democrat of California, sought to muster as large a vote as possible Tuesday night to demonstrate their ability to override a veto.
The 73 votes, six more than needed to override a veto, provided a larger margin than expected.
The margin was all the more surprising because Israel and the main pro-Israeli lobbying organization, the American Israel Public Affairs Committee, did not actively oppose the sale.
Mr. Cranston said later that opponents of the sale are "very secure" in their confidence that they can override a veto. He predicted that few senators would reverse their positions.
The proposed sale involves delivery to Saudi Arabia of Stinger anti-aircraft, Sidewinder air-to-air and Harpoon anti-ship missiles. Mr. Reagan submitted the proposed sale to Congress on April 8 and, under law, the sale would take place unless both chambers passed a resolution of disapproval within 30 days. Thursday is the deadline for congressional action.
In the brief debate, opponents denounced Saudi Arabia for undermining the Middle East peace process, supporting the Palestine Liberation Organization and for condemning last month's U.S. air raid on Libya.
"We want to make it clear that it is not in the national security interests of the United States to sell advanced weapons to nations that consistently scorn U.S. interests," Mr. Cranston said.
Dismissing the administration argument that the Saudis needed the missiles for protection against Iran, Mr. Cranston noted that the weapons were not due for delivery until at least 1989.
He said the United States gained little from its previous arms shipments to Saudi Arabia, adding, "Now is not the time to sell more weapons to an uncertain friend in the Middle East."
Arguing in favor of the sale, the

Nakasone Is Criticized For His Role at Summit

By William Branigin
Washington Post Service
TOKYO — The Tokyo economic summit meeting is being viewed by many Japanese as a failure for their country, posing some serious questions for the prestige and political future of Prime Minister Yasuhiro Nakasone.
Mr. Nakasone is widely believed to have lost his bid for an unprecedented extension in office after his term expires next fall. But the public perception that he botched the summit meeting could block such ambitions.
Japanese have tended to judge the summit meeting on one issue: whether it would stop the more than 30-percent appreciation of the yen against the dollar in the past seven months. Japanese industry is suffering as its products become more expensive to foreign buyers.
During summit sessions, Mr. Nakasone argued that the yen had risen intolerably high. His guests, who tended to consider the strong yen long overdue, and crucial for correcting international trade imbalances, listened politely and gave virtually nothing.
The news helped to push up the yen again, reaching a new postwar high, 165.20 to the dollar, on the last day of the meeting.
Many Japanese do see a positive side to the summit meeting, particularly a commitment for closer cooperation and consultation in trade and economy. But the pluses tend to be abstract, while the minuses are more specific, a matter of money.
By some accounts, no one could have done much better than Mr. Nakasone.
Bunroku Yoshino, chairman of the Institute for International Economic Studies, a major Japanese think tank, said: "People expected that we could stop the appreciation of the yen or at least reverse the trend. That was of course a futile effort from the beginning. But that's what was expected of him."
Opposition parties have issued condemnations of the prime minister's performance. More significantly, some senior figures in the ruling Liberal Democratic Party and leaders of big business have complained over the outcome, an implicit criticism of Mr. Nakasone.
"I am unsatisfied," Takashi Ishihara, chairman of the Japan Committee for Economic Development, an influential association of business leaders, told a Japanese newspaper. "I wish that they had stressed more effective joint intervention in the currency markets."
Public fears that a strong yen will bring unemployment could help Mr. Nakasone's rivals for the prime ministry. So might resentment over the Tokyo traffic jams caused by summit security measures and seen on television all over Japan.
Now in his fourth year in office, Mr. Nakasone is Japan's most enduring prime minister since Eisaku Sato, who left office in 1972. The summit meeting was particularly important to him because he has claimed a special facility in dealing with foreigners.
He is an unusual leader by Japanese standards. He has considerable charisma, can make jokes in English and is on first-name terms with President Ronald Reagan, in what is known here as "the Ron-Yasu relationship."
Japanese political commentators say Mr. Nakasone felt his stock would be boosted both by scenes of him chatting amiably with Mr. See NAKASONE, Page 2



Yasuhiro Nakasone

At the Summit, Surprising Frankness And Unity on Dealing With Terrorism

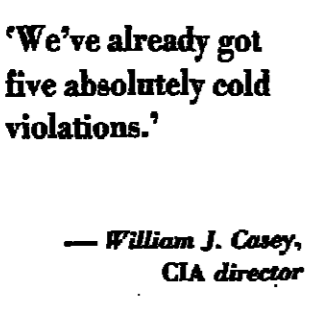
By R.W. Apple Jr.
New York Times Service
TOKYO — Japan is a country where political incoherence is an art form, a country where the simplest question elicits an answer as oblique and convoluted as Kabuki, the traditional and highly stylized popular drama.
And yet the Tokyo summit conference that ended Tuesday — the 12th annual meeting of the leaders of the seven biggest industrialized democracies — set something of a standard, as these things go, for directly addressing problems. Perhaps more than at any previous meeting, the papers-over, the pledges to which the leaders have so often resorted in the past to create at least a semblance of unity, were for the most part unnecessary.
The reason was an ample supply of that ephemeral commodity, political will. It was present in Tokyo, and it made possible a cohesion that surprised many of the participants, for a seemingly paradoxical reason: a degree of disunity only two or three weeks ago that all knew had to be remedied.
When U.S. warplanes attacked Benghazi and Tripoli on April 15, they created political convulsions in Western Europe. The bombing of Libya prompted condemnations by many governments, demonstrations in the streets and a considerable degree of anger even among the usually politically passive. If polls in the United States showed overwhelming support for President Ronald Reagan's action, polls in Europe showed that, in most countries, two-thirds of the public considered it a mistake.
An ambassador from a Western European country, who is stationed in Washington, said a few days later that he had not seen so much bad feeling within the Atlantic alliance since the Suez crisis of 1956, when the United States denounced the British and the French for their campaign in the Middle East.
But even as the harsh words poured forth, European governments began acting to limit the damage, taking a series of modest but firm steps to show their own commitment to combating terrorism and their understanding of the underlying purposes of U.S. policy, however much they disagreed with Mr. Reagan's resort to force. Trade was cut back, Libyan diplomats were expelled or restricted and intelligence exchanges were increased.
"We thought the bombing would do more harm than good," a West German official said Tuesday morning. "But we knew we had to move toward Reagan's position. The alliance does matter to us and the United States does matter to us and

Iraqis Bomb Refinery In Suburb of Tehran

Readers
TEHRAN — An Iraqi warplane bombed Tehran's main oil refinery Wednesday, starting a huge blaze that spread a pall of smoke over the southeast of the Iranian capital.
Witnesses said that the bomb landed in the middle of the refinery but the blaze, which could be seen from more than 10 miles (16 kilometers) away, spread to three points in the complex.
"Iraqi planes violated the airspace of Tehran and hit a point in downtown city," the press agency IRNA said. It said only that the refinery was in the area of the attack, but the fire brigade confirmed it had been hit.
It was the first Iraqi raid on Tehran in about 11 months. In the last attack, about 400 Iranians were reportedly killed in about 30 Iraqi air raids on the capital, and Iran hit back with at least 10 long-range missile attacks on Baghdad.
Observers said the latest raid was sure to trigger retaliation from Iran, probably in the form of a ground attack.
An Iraqi general on the southern Gulf waterfront said a major Iranian offensive there was imminent.

U.S. Is Said to Weigh Prosecution of 5 Publications

By George Lardner Jr.
Washington Post Service
WASHINGTON — The Reagan administration is considering the criminal prosecution of five news organizations for publishing information about American intelligence-gathering operations, particularly intercepted communications reflecting U.S. capabilities to break codes.
Such prosecutions have never been initiated against a U.S. newspaper or magazine.
William J. Casey, Director of Central Intelligence, said he had discussed the possibility of such prosecutions with Deputy Attorney General D. Lowell Jensen at a meeting Friday.
"We've already got five absolutely cold violations," Mr. Casey said, according to two Washington Post editors who met with him Friday.
Mr. Casey was apparently referring to alleged violations of a 1950 statute that makes it illegal to "knowingly and willfully" disclose or publish classified information about codes, ciphers or "communication intelligence activities of the United States or any foreign government."
Mr. Casey added, however, that no final decision had been made about whether indictments would be sought.
He named the five news organizations as The Washington Post, for stories about U.S. intercepts of messages between Tripoli and the Libyan People's Bureau in East Berlin; Newsweek, also for reporting on intercepted Libyan communications; and The Washington Times, The New York Times and Time magazine for unspecified stories.
Mr. Casey warned the two Post editors that prosecution against the newspaper would be considered if the Post were to publish another story it has prepared concerning U.S. intelligence capabilities.
The Post has not decided whether to publish the article.
"I'm not threatening you," Mr. Casey said.
The White House national security adviser, John M. Poindexter, and Lieutenant General William E. Odom, director of the code-breaking National Security Agency, also have said that the administration was looking for ways to stop leaks to the news media.
"We're dusting off 18 USC 793," General Odom told one Post editor.
The law carries a maximum penalty of 10 years in prison and a \$10,000 fine.
Officials of the other publications Mr. Casey mentioned said they knew of no similar warnings about any stories of theirs.
"It's news to me," said A.M. Rosenthal, executive editor of The New York Times. "I know we did



William J. Casey, CIA director



Gaston Defferre, 75, mayor of Marseille who served as interior minister in the Socialist administration of President François Mitterrand, died Wednesday. Page 2.

- Bangladesh opposition leaders accused General Ershad's supporters of fraud in the first elections in seven years. Page 2.
- The Senate Finance Committee approved a tax-overhaul bill by a vote of 20-0. Page 3.
- NBC News was criticized for agreeing to keep the whereabouts of a terrorist suspect secret. Page 5.
- Profits for Philips, Europe's biggest electronics concern, fell 45 percent in the first quarter. Page 11.
- A bid by Interpublic for Ted Bates could thwart Saatchi & Saatchi's offer. Page 11.

Bangladesh Leader Is Accused by Foes Of Election Fraud

DHAKA, Bangladesh — Two major opposition leaders accused President Hussain Mohammed Ershad's military government of major vote fraud Wednesday, in Bangladesh's first parliamentary election in seven years.

Sheikh Hasina Wazed, leader of the Awami League, the major opposition party, said three persons had been killed in election clashes in the southern port of Khulna. Abba Ali Khan of the Moslem fundamentalist Jamiat-i-Islami Party reported incidents of violence at the polls.

At a news conference just before the polls closed, Mrs. Hasina said her alliance and the people of Bangladesh would not accept the results. She said she had reports of interference with voting in 100 of the 300 districts voting for members of Parliament.

General Ershad, who dissolved Parliament when he seized power in 1982, has said the elections would be a first step toward civilian rule in this country of 100 million.

"This is not rigging but outright robbery of votes," Mrs. Hasina said. "They have stolen the victory from us, but we won't let this happen."

Mr. Khan, who ran for a district in Dhaka, told a news conference that he was withdrawing from the election, and said General Ershad's supporters had used automatic weapons and small hand-thrown explosives all over the capital.

Ershad supporters chased away reporters trying to verify a report that a polling place had been seized and the ballot box was being stuffed with fraudulent votes.

In the industrial district of Narayanganj, a traditional stronghold of the Awami League, reporters saw small bombs being thrown and polling places being seized.

At a rural district near Narayanganj, about 36 miles (40 kilometers) east of Dhaka, an independent candidate, Ahmed ul-Kabir, said there had been trouble at almost all the voting stations in the district.

Calling the level of fraud and intimidation "unprecedented," he said shots had been fired and grenades thrown the night before the vote to intimidate voters. Five people were wounded, he said.

Other reports said that some incidents were initiated by supporters of opposition parties.

Leaders of the Opposition
Steven R. Weisman of The New York Times reported:

For years, opposition to General Ershad has been led by two women who carried the standards of family members killed during coups and riots in Bangladesh since it broke from Pakistan in 1971.

One is Begum Khaleda Zia, who heads the Bangladesh National Party, founded by her husband, General Ziaur Rahman, who seized power in 1975 and was assassinated in 1981.

The other is Mrs. Hasina, daughter of Sheikh Mujibur Rahman, the nation's first prime minister, who was assassinated in 1975.

In March, Mrs. Hasina surprised the opposition by agreeing to stand in elections if General Ershad promised not to use the government to push his own candidates.

She was granted air time on the national radio and television networks. But in the last few weeks Mrs. Hasina charged that General Ershad had allowed his allies to wage a campaign of intimidation and violence against the Awami League. Her aides said 5 of the party's politicians have been murdered and 500 wounded in recent weeks.

Most independent analysts say the newly created political party allied with General Ershad is likely to win most of the 300 seats at stake. General Ershad has said he hoped it could win as many as 200.

Mrs. Hasina's Awami League is expected to win 80 to 100 seats in the new Parliament.

MEETING: Remarkable Unity

(Continued from Page 1)

"Terrorists have come to count on divisive debates among the allies on non-substantive questions such as the proper or improper use of NATO bases" for anti-terrorist measures.

The ground had been prepared. And when the crunch came on Monday morning, Mr. Reagan and Mrs. Thatcher, who both wanted tougher language than that drafted overnight by the leaders' aides, prevailed.

This time, the French and the Italians, whom some had expected to prove intractable, went along. Among those who had expected the French and Italians to balk were the Japanese, diplomatic sources said, and when Prime Minister Yasuhiro Nakasone saw that he was isolated, he had no choice but to accede, despite Japanese reluctance to offend its Arab oil suppliers.

This time, the seven nations promised to act. There was a similar convergence on the Soviet nuclear accident and on some economic questions. And in the margins, as the informal discussions are called, there was a chance to work on other issues — notably, according to U.S. sources, the best approach to take toward Mikhail S. Gorbachev, the Soviet leader, if, as now scheduled, Mr. Reagan, Prime Minister Bettino Craxi of Italy and President Francois Mitterrand of France meet separately with him before the end of this year. The sources said that Mr. Reagan had talked about bargaining strategies at some length with both Mr. Craxi and Mr. Mitterrand.

Mr. Reagan and his aides expressed delight with the results of their labors. And the Europeans, who have for many years viewed Mr. Reagan as a hip-shooting cowboy, grudgingly conceded that he had seemed something other than that during his four days in Tokyo.

SAUDIS: Senate Rejects Sale

(Continued from Page 1)

ment of some sales, most recently a major arms package for Jordan.

The outcome of the battle over the missile sale seems certain to have implications for administration strategy in thwarting any drive to block delivery of five Airborne Warning And Control System radar reconnaissance planes to Saudi Arabia.

Congressional opponents failed to halt the \$3.2 billion AWACS sale when the administration agreed to sell the planes in 1981. To win necessary congressional backing, Mr. Reagan had to promise that before delivery the administration would certify that Saudi Arabia was making a "substantial contribution to the peace and stability" of the Middle East.

Opponents are trying to mount a drive to overturn the agreement on grounds that the Saudis have not met that test.

Director-General M'Bow has repeatedly stated that the status of employees would not be affected by their nationality or their government's decision with respect to UNESCO. Mr. Da Costa said.

The United States withdrew from UNESCO in 1984 and Britain followed at the end of last year. Both said that the agency had an anti-Western bias and was poorly administered.

Since the withdrawal of the United States, which contributed about one-fourth of UNESCO's annual budget, the organization has begun a series of employee "redeployments" that have been forced by the financial crisis. UNESCO officials have been offered incentives to resign so those remaining could be "redeployed" from programs that were being canceled or phased out.

In a speech Wednesday, Mr. M'Bow said that because of the agency's financial conditions, he

নারায়ণগঞ্জ হাইস্কুল



Army troops guard a polling station in Narayanganj, Bangladesh, on Wednesday.

UNESCO Dismisses Critic of M'Bow; An American Also Loses His Position

By Judith Miller
New York Times Service

PARIS — UNESCO has dismissed a prominent critic of the director-general, Amadou Mahtar M'Bow, and has informed its highest ranking American that he also must leave the organization, UNESCO employees and Western diplomats said Wednesday.

The dismissals of Dragoljub Najman, a former assistant director-general for cooperation for development and for external relations, and Erwin Solomon, an American who was director of the division of socio-economic analysis, surprised and angered several Western members and observers at the United Nations Education, Scientific and Cultural Organization.

Both were tenured employees entitled to priority in reassignment and theoretically could not be dismissed. Mr. Solomon's position was abolished.

A Western diplomat, who spoke on condition that he not be identified, called Mr. Solomon's dismissal an ominous development for the UN civil service since nationality had not traditionally been grounds for promotion or dismissal.

"What we're witnessing is the beginning of the destruction of the corps of independent international civil servants that was established at the end of World War II," the diplomat said.

Alcino Da Costa, a UNESCO spokesman, said that UNESCO did not comment on individual personnel cases as a matter of policy but he denied that nationality was a factor in the dismissals.

"Director-General M'Bow has repeatedly stated that the status of employees would not be affected by their nationality or their government's decision with respect to UNESCO," Mr. Da Costa said.

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NAKASONE: Blow to Prestige

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Reagan and the other world leaders, and communications that would be labeled a "success" for Japan.

That would strengthen his hand to call elections for the Lower House of the Diet, or parliament, this summer during an already scheduled Upper House vote.

A strong showing could help Mr. Nakasone to engineer an unprecedented extension in office this fall, when his second, and by party rules, last, term expires.

But many Japanese may think Mr. Nakasone played the role of today, rather than confident, of the foreign leaders, and that, at the crucial moment, his friendship with Mr. Reagan got him nowhere.

Mr. Nakasone has denied the summit meeting was a failure, describing it as "full of substance" in a press conference Tuesday. "Japan's weight and status has increased but at the same time so has its responsibilities," he said.

Meanwhile, his government has gone to work on damage control. New aid programs for small and medium industries, especially hard hit by the yen's rise, are to be announced later this week, and there is talk of new public works spending to prop up the economy.

Jushiro Komiya, a ruling party parliamentarian, said, "The key thing for the government and Mr. Nakasone will be what they can do within the next two weeks concerning countermeasures for the domestic economy."

Mr. Nakasone has also taken fire for bending too readily to foreign pressure on Libya. Japan pursues a generally timid foreign policy, especially when its economic interests are at stake.

It avoided for some days taking a direct position on the U.S. raids on Libya, for fear of alienating other Middle East countries that sell oil to Japan.

But at the summit meeting, Mr. Nakasone put Japan's name to a statement condemning Libya for backing terrorism. Many Japanese feel it is dangerous to dicker with Japan's current policy, while Japan has so far remained free from such attacks.

There is a good chance, however, that Mr. Nakasone will dodge all the stones being thrown at him, as he has done in the past.

As a start, Foreign Minister Shintaro Abe and Finance Minister Noboru Takeshita, two of the three main contenders for his job, attended the summit meeting and were associated with its decisions.

A Japanese political reporter commented, "They're riding on the same boat."

The third man, the party's executive council chairman, Kiichi Miyazawa, played no direct role in the talks. Eyes are turned toward him to see how he will use that fact.

PUBLISH: U.S. Weighs Cases

(Continued from Page 1)

convicted of a crime for leaking national security information to the press.

He was found guilty under an interpretation of the law that could subject news organizations, as well as their sources, to criminal prosecution.

The latest sign of an administration crackdown was the firing last week of an assistant undersecretary of defense, Michael E. Pillsbury, for allegedly giving reporters information about an administration decision to supply Stinger missiles to rebels in Angola and Afghanistan.

Numerous news organizations have published information about secret communications intercepts.

In the first year of the Reagan administration, Newsweek cited "administration sources" in reporting that Libya's leader, Colonel Moammar Qadhafi, had made threatening statements toward Mr. Reagan in an "intercepted telephone conversation." This intercept and other intelligence evidence later formed the basis for claims that Libya had sent "hit teams" to the United States to kill U.S. officials.

A Post story quoting from intercepted Libyan messages was published after Mr. Reagan's televised disclosure of several messages between Tripoli and its people's bureau in East Berlin.

Shultz Snubs 2 Leaders of Opposition In Korea

SEOUL — Secretary of State George P. Shultz said he would not meet with the two most prominent critics of the South Korean government during a 24-hour visit here that began Wednesday.

Mr. Shultz gave a ringing endorsement to President Chun Doo Hwan and criticized "violent confrontations" with the government.

Kim Dae Jung, the opposition candidate in the last free election, in 1971, and Kim Young Sam, a leader of the New Korea Democratic Party, were not invited to have breakfast with Mr. Shultz on Thursday.

"The Kims are not leaders of their party," Mr. Shultz said on the way to Seoul from Tokyo, where he attended the seven-nation summit meeting of industrial democracies. Mr. Shultz said the two had been invited, however, to meet with Gaston J. Sigur Jr., assistant U.S. secretary of state for East Asian and Pacific affairs, but had declined.

"I have a limited amount of time," Mr. Shultz said, explaining his refusal to meet with the two opposition leaders. He said the purpose of the breakfast was to meet with government and opposition leaders with "diversity."

Mr. Shultz said other opposition leaders, as well as supporters of President Chun, would meet with him as he tried to solicit a variety of opinions on the political situation in South Korea.

Lee Min Woo, president of the New Korea Democrats, and Kim Dong Young, the minority floor leader, were among those invited.

Mr. Shultz dismissed any suggestion that South Korea, where demonstrations have been held all spring, some of them violent, had political problems similar to those in the Philippines before Ferdinand E. Marcos yielded the presidency in February to Corason C. Aquino.

"This notion of parallels is one I hope we can get over," Mr. Shultz said. South Korea, he said, has had "breakthrough" economic growth and a "first-class" military organization.

Under Mr. Chun, he said, the country is moving toward a democratic form of government, and the president will step down in 1988 for the election of a successor.

"I didn't say the situation is perfect," Mr. Shultz told reporters. "I said it was moving impressively in the right direction."

Mr. Shultz said the violence, which appears aimed at both the government and the opposition, erodes the stability needed for democracy to flourish.

Aquino to Meet Shultz

In Manila, aides to President Aquino indicated that she is opposed any move that would enable Mr. Marcos to leave his Hawaiian exile, and that this is likely to be conveyed to Mr. Shultz when he and Mrs. Aquino meet in Manila on Friday, The Washington Post reported.

Information Minister Teodoro Locsin Jr. reaffirmed after the weekly cabinet meeting that Mrs. Aquino is against the idea of letting Mr. Marcos seek exile elsewhere.

Another aide, Fulgencio Factoran, told newsmen that most cabinet ministers also opposed any attempt to get Mr. Marcos to a third country.

French Nuclear Blast Is Reported

WELLINGTON, New Zealand (AP) — France exploded an underground nuclear device Wednesday, its second such test this year at its site on Mururoa Atoll in the South Pacific. New Zealand government scientists said.

They estimated the test, monitored at the earthquake center at Rarotonga on the Cook Islands, at 3 kilotons of TNT, slightly smaller than the first French explosion recorded this year, 4 kilotons, on April 27.

Prime Minister David Lange of New Zealand said, "We deeply regret this and urge the French government to stop testing its nuclear weapons in our part of the world."

Kidnappers Strike Twice in Beirut

BEIRUT (AP) — Armed kidnappers struck twice Wednesday in Moslem West Beirut, abducting an 85-year-old Frenchman on a seashore boulevard and seizing a professor on his way to work at the American University of Beirut, the police said.

The police and the French Embassy identified the Frenchman as Camille Soutag, a retired executive for the French automaker Peugeot. The university identified the professor as Nabil Matar, 36, a Lebanese Christian. There was no immediate claim of responsibility for either kidnapping.

Syrian Envoy Summoned in U.K.

LONDON (Reuters) — Sir Geoffrey Howe, Britain's foreign secretary, confirmed Wednesday in Parliament that the Syrian ambassador had been summoned to discuss an abortive attempt to smuggle a bomb aboard an Israeli airliner at London's Heathrow airport.

British officials said Tuesday that police were investigating possible links between a Syrian diplomat and the attempted bombing last month, which was thwarted when an Israeli security man discovered explosives in the luggage of a pregnant Irish woman, Nezar Hindawi, her Jordanian boyfriend, was later arrested and charged with conspiracy to murder and trying to destroy the El Al plane.

The officials said Britain had called in Ambassador Loutof al-Haydar last Friday to request permission for police to question the diplomat, whom they have declined to name. They said Mr. Haydar paid a second visit to the ministry Monday at his own request. The officials would not say whether he had agreed to allow the diplomat to be questioned.

Costa Rican Is Taking Office Today

SAN JOSE, Costa Rica (Reuters) — Oscar Arias Sanchez, an outspoken critic of the Reagan administration's Central American policy, is taking office Thursday as Costa Rica's president. Delegates from 6 countries are expected to attend the inaugural ceremony.

The U.S. Embassy said Vice President George Bush would head Washington's delegation. President Daniel Ortega Saavedra of Nicaragua was invited, but he said this week that he would not attend. He gave no reason.

Government sources have said that regional leaders will meet privately Thursday night to discuss the prospects for a Central American peace settlement. The sources said the meeting was expected to issue a communiqué supporting the Contadora group's call for its regional peace accord to be signed by all five Central American countries on June 6 in Panama City.

A 5th South African Homeland Is Set

CAPE TOWN (Reuters) — South Africa said Wednesday that it would grant independence in December to a fifth black tribal homeland in a move that seemed certain to anger both foreign and domestic opponents of apartheid.

President Pieter W. Botha and Simon Skosana, leader of the KwaNdebele tribal homeland, announced the decision after talks in Cape Town KwaNdebele, a territory north of Pretoria with 180,000 people, was the smallest of the independent territories. The others are Venda, Transkei Ciskei and Bophuthatswana.

The four existing independent states have been criticized as creations of the apartheid system aimed at confining millions of blacks to impoverished tribal areas.

For the Record

Shuttle salvage crews will attempt recovery of the first-stage engine of a Delta rocket that failed during its launching Saturday to help in the investigation of the cause of the problem, officials in Cape Canaveral said. (UPI)

A packed Boston commuter train collided with an idle freight train during rush hour Wednesday, and as many as 200 people were reported injured, the police said. Officials said most of the injuries appeared to be minor. (AP)

Gas explosions set fire to the ground floor of the eight-story Hotel Presidente in Morelia, Mexico, injuring 17 people, officials said. (AP)

SUMMIT: Bonn Cites Doubts

(Continued from Page 1)

after statements from West Germany.

The dollar dropped Monday against most currencies, particularly against the yen after Mr. Lawson said that most of the Group of Five, which comprises all the major members except Canada and Italy, thought the yen should go higher in the medium term.

But the very next day, the dollar moved back upward after Mr. Stoltenberg said he felt it had fallen enough and warned that West Germany might intervene in the foreign exchange market.

The United States said the agreement with the other six nations — Britain, Canada, France, Italy, Japan and West Germany — to improve economic coordination could herald the dawn of a new era.

"This will help reduce trade imbalances by tackling their underlying causes and promote greater exchange rate stability," President Ronald Reagan said.

But U.S. officials admitted that the agreement would only work if the countries involved wanted it to. "What can you do in any international body or arrangement where one country decides it's going to stiff the others?" a Reagan Administration official said.

Washington presented the program after West Germany and Japan made clear they were not prepared to act again as locomotives to haul along the global economy by boosting their own growth and expanding demand for foreign goods.

The United States, burdened by a trade deficit of nearly \$150 billion in 1985, has been seeking a firm commitment from its partners to help it reduce imports and stifle calls in Congress for protectionist measures.

REAGAN: Praises Meeting

(Continued from Page 1)

most successful of the six economic summit meetings that he has attended as president.

"We arrived at this summit as a rising tide of prosperity," Mr. Reagan said, adding that "together we committed ourselves in Tokyo to strengthen" free-market policies "when we return home."

Mr. Reagan also criticized the Soviet Union's handling of information about the nuclear accident at Chernobyl on April 26. "A breakdown at a nuclear power plant that sends radioactive material across national frontiers is not simply an internal problem," he said.

But in response to a question, he said, "I am pleased to say that in the last few days there has been a change and the Soviet Union has been more forthcoming about this with regard to getting information and so forth."

Libya Demands Explanation

Libya said Wednesday that it rejected inclusion of its name in the Tokyo anti-terrorism declaration and summoned the ambassadors of four conference nations to demand an explanation, United Press International reported from London.

Libyan radio, in a broadcast monitored by the British Broadcasting Corp., said the envoys of France, West Germany, Italy and Japan had been called to Libya's People's Bureau for Foreign Liaison, or foreign ministry.

The envoys were asked "to submit an explanation" of their governments' position, "and whether they had become a party to a new plan to attack Libya in view of the fact they had taken part" in the summit meeting, the radio said.

"Libya strongly rejects and denounces its name being involved in the statement issued by the Tokyo summit of industrial countries," Libyan radio said the diplomats were told.

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Sir Geoffrey Howe

Senate Panel Backs Tax-Overhaul Bill

WASHINGTON — The Senate Finance Committee voted 20-0 on Wednesday to approve what some officials said may be the most sweeping tax-overhaul bill since World War II.

The legislation, which now goes to the Senate floor for a probable June vote, would reduce personal tax rates to the lowest level in half a century and trim corporate taxes from their current rate of 46 percent to 33 percent.

The bill would replace 15 personal income tax brackets, ranging from 11- to 50-percent rates, with two, at 15 and 27 percent. Eighty percent of Americans would fall in the lower bracket.

It would end all but a few tax shelters for the wealthy, and would shift roughly \$50 billion of revenues from those defunct shelters to lower taxes for poor and middle-income individuals.

If the bill takes effect, individuals will receive an average tax cut of about 6 percent.

Deputy Treasury Secretary Richard G. Darman called the bill "one of the two or three most significant tax bills of the century."

Bob Packwood, the Oregon Republican who is chairman of the finance committee, predicted that the bill would pass the Senate by an "overwhelming" margin with few changes.

What sealed the approval, after a day in which Senator Packwood battled repeated efforts to alter the bill, was a compromise with oil-

state senators that opened the only significant loophole in the measure.

As part of a \$14.6-billion package of technical amendments, the panel voted to allot \$1.4 billion to preserve tax shelters now enjoyed by some oil and gas drillers and their investing partners.

Bill Faces Difficult Fight

David E. Rosenbaum of The New York Times reported:

The Senate bill follows the thrust of the plan proposed by President Ronald Reagan last spring and the bill approved by the House of Representatives last December.

It faces a difficult fight on the Senate floor, and will not easily be reconciled with the House bill.

The proposal would vastly simplify individual tax returns. Most taxpayers would no longer have to keep careful records. The deductions that would be retained are, for the most part, those such as mortgage interest payments, that are reported to taxpayers at the end of the year.

In addition to mortgage interest, the bill would permit deductions for state and local income and property taxes and, for itemizers, charitable contributions.

Deductions would no longer be allowed for Individual Retirement Accounts, although money already in IRAs and subsequent contributions could continue to accrue tax-free interest and dividends. The deduction for union dues would be repealed, as would the deduction for state and local sales taxes.

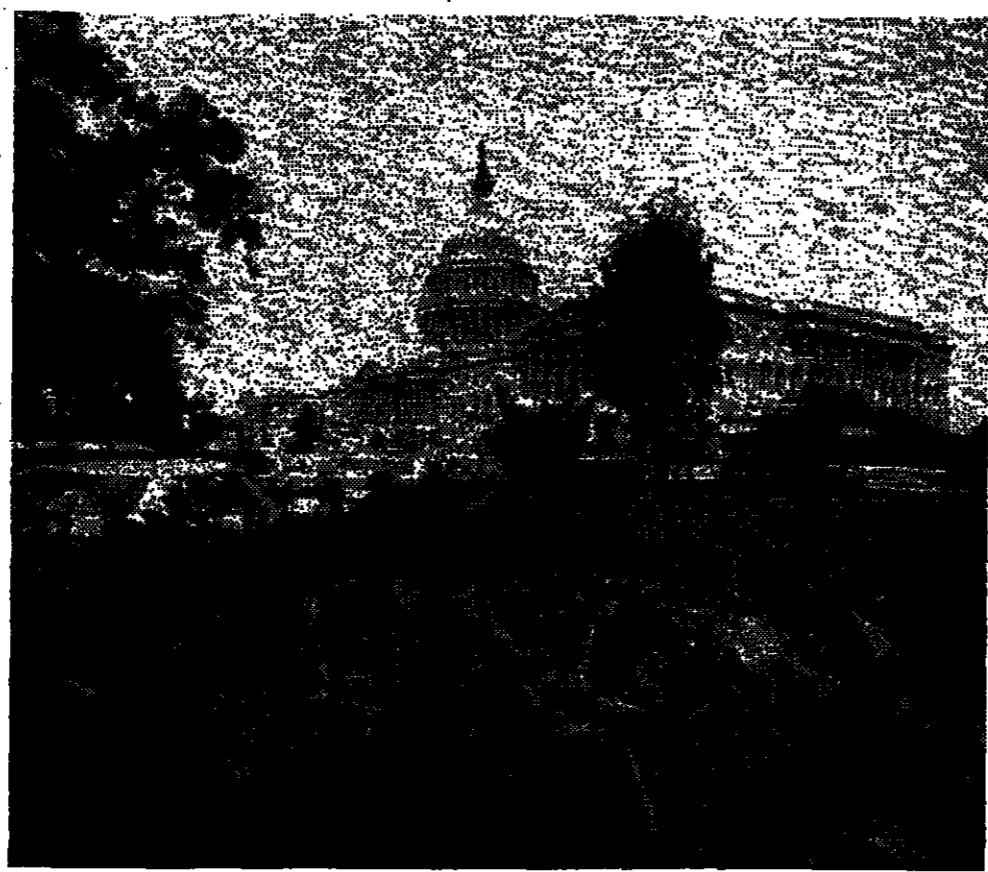
The bill would keep many more corporate tax breaks than the bill the House passed, but it would eliminate many more preferences enjoyed by wealthy individuals.

Perhaps the most striking features are those that would subject all profitable corporations to a 20-percent minimum tax and abolish many of the tax shelters used by rich people.

Because deductions would be eliminated at the beginning of next year and the rate cuts would not go into effect until the middle of the year, many taxpayers could face a small tax increase in 1987, especially those with incomes over \$50,000 a year, committee staff members said.

Few pieces of legislation have had as many lives as the tax bill. Only two weeks ago, it was given up for dead by many analysts, but Senator Packwood revised his plan and put together a coalition of Republicans and Democrats behind it.

On Tuesday, he persuaded his colleagues to offset any revenue-losing amendments with corollaries that would raise a like amount of money.



An \$11-million wrought-iron security fence has been proposed for the U.S. Capitol.

Plan to Protect Capitol Splits Congress

Proposal for Anti-Terrorism Fence Stirs Deep Emotions

By Steven V. Roberts
New York Times Service

WASHINGTON — Just about every member of Congress agrees that the U.S. Capitol is the preeminent emblem of American democracy. But they are deeply divided over the appropriate way to protect the building and the people who work there in an age of terrorism.

The Capitol has long been more open and accessible than the other major federal buildings in Washington. About 10 million people visit the building every year, more than half of them schoolchildren.

But the Capitol is a special place to the people who work in it. Often, as they head for home, they can be seen pausing for a momentary glance at the great dome, profiled against the evening sky. It is a sight and a symbol that never grows old for them.

To some, then, new proposals to protect the Capitol from terrorist attacks threaten to besmirch that symbol and tell the world that the United States is not quite as free as it once was.

"It is a sad day, a sad situation," said Senator David H. Pryor, Democrat of Arkansas, "when we have to think about fencing off the greatest public symbol of democracy in the whole world."

The senator was commenting on a new plan, advanced by members of the Senate and House leadership, to build a wrought-iron fence surrounding the Capitol grounds at a cost of about \$11 million.

Visitors would be screened far from the building by metal detectors at the fence. Under current procedures, metal detectors are within the doors of the Capitol.

The new plan would also banish virtually all the 850 cars that park on the Capitol grounds daily. The parking lots would be turned into landscaped grounds and fountains.

"The terrorists have won," Mr. Pryor said. "Not the war, but at least part of the psychological battle."

"The terrorists have not won," retorted Senator Alan Cranston of California, the Democratic assistant minority leader, who helped draft the plan. "But reasonable people take reasonable precautions."

The proposed security measures touch a deep chord of emotion in lawmakers, who are trying to strike a balance between the image they want to project and the building they want to protect.

The fear of attack first chilled the Capitol in November 1983, when a bomb placed near the Senate chamber exploded in the night. No one

was injured, but the explosion instigated a series of security measures, including a pass system and armed guards at every entrance.

Since that incident, said Senator Alan K. Simpson of Wyoming, the Republican assistant majority leader, senators have been subjected to a rising number of threats. According to the Capitol Police, vehicles posing a danger to the building and its occupants have been stopped eight times near the grounds.

Mr. Cranston said Congress had "a duty to do all we can" to protect the tourists who visit the Capitol.

The worst damage to the Capitol as a symbol would come from a successful terrorist attack, he said.

The new plans could come up for a vote in the Senate within a few weeks.

"I'm not that enthusiastic about it, to be perfectly truthful," said House Speaker Thomas P. O'Neill Jr.

Poland Imposes Restrictions on U.S. Diplomats

WARSAW — Poland has imposed travel restrictions on American diplomats in retaliation for similar controls on Polish officials in the United States.

The government spokesman, Jerzy Urban, said Tuesday that U.S. Embassy staff members and their families would have to notify the Foreign Ministry in advance of any trips they planned to take outside the province they work in.

The controls affect the U.S. Embassy in Warsaw and consulates in Krakow and Poznan.

Mr. Urban said the restrictions were imposed as a matter of "reciprocity" for travel controls announced by the State Department in early January for Polish officials and officials from other East bloc countries stationed in the United States.

Helms's Protégé Loses in Primary

By Paul Taylor
Washington Post Service

WASHINGTON — In the most contentious battle in the three states that held primary elections Tuesday, Representative James T. Broyhill of North Carolina, a 12-term Republican congressman, and Terry Sanford, a Democrat who was a governor there in the 1960s, easily won their parties' Senate nominations.

The men are seeking the Senate seat held by John P. East, a Republican, who is retiring for health reasons.

In Ohio, James A. Rhodes, another former governor trying to make a political comeback, defeated two Republican rivals. Mr. Rhodes, 76, is seeking a fifth term. Governor Richard F. Celeste, 48, a Democrat who lost to Mr. Rhodes in 1978, is seeking a second four-year term.

In Indiana, Jill Long, a Valparaiso city councilwoman and university professor, easily defeated a follower of Lyndon B. LaRouche Jr., an extremist, for the Democratic Senate nomination. Miss Long, 33, will face Senator Dan Quayle of Fort Wayne, who was unopposed in the Republican primary.

Another candidate backed by Mr. LaRouche, Don Scott, was easily defeated in Ohio's Senate primaries by Senator John Glenn for the Democratic nomination, while Representative Thomas N. Kindness was unopposed for the Republican nomination.

The most bitter primary battle was in North Carolina. Mr. Broyhill, 58, was attacked throughout the campaign by his opponent, David Funderburk, as not being a true conservative. Mr. Funderburk, 42, a former ambassador to Romania, was backed by Senator Jesse Helms's National Congressional Club.

With 99 percent of the vote counted, Mr. Broyhill, known in North Carolina as "Mr. Republican," led Mr. Funderburk by 67 to 30 percent.

Mr. Helms remained publicly neutral in the contest, though the leaders of his political organization had recruited Mr. Funderburk, mapped his strategy and written his television ads.

In the Democratic primary, Mr. Sanford, who retired last year as president of Duke University, won an easy victory over his nine opponents, receiving 60 percent of the vote.

Democrats hope a victory in North Carolina in November can help them overcome the Republicans' 53-47 edge in the Senate.

In Ohio, with all precincts reporting, Mr. Rhodes won the Republican nomination over State

Senators Paul Gillmor and Paul Pfeiffer with 48 percent of the vote. Mr. Rhodes needed to win only a plurality for the nomination.

In Indiana's 8th Congressional District, voters set the stage for a rematch of the closest congressional race of 1984, giving Representative Frank McCloskey, a Democrat, the nomination over another LaRouche candidate.

Mr. McCloskey will face the Republican candidate, Richard D. McIntyre, who ran unopposed. In 1984, Mr. McCloskey defeated Mr. McIntyre by four votes.

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U.S., Despite Warnings, to Develop New Aircraft

By George C. Wilson
Washington Post Service

WASHINGTON — A decision by the Pentagon to develop a combination helicopter and airplane for the U.S. Marine Corps followed warnings about the project from Pentagon analysts and the House Armed Services Committee.

Critics say the aircraft, called the V-22 Osprey, is entering full-scale development at a time when there

is not enough money to finance it. They also say that existing helicopters could do the same job and that uncertainties hang over the technology envisioned.

Supporters say the marines must have the Osprey because their helicopter force is growing obsolete. They also say that three years of testing have resolved the technical questions.

In an announcement Friday, the Pentagon said it was awarding the team of Bell Helicopter Textron Inc. of Fort Worth, Texas, and Boeing Vertol Co. of Philadelphia a down payment of \$497.3 million for full-scale development of the Osprey. The aircraft was formerly called the JVX.

Full-scale development is the last step before full production and, if completed, will result in 12 flying prototypes by 1991.

Colonel H.W. Blot, the Marines' Osprey program manager, said

Monday that the tilt-rotor aircraft would be able to hover like a helicopter or fly straight ahead like a conventional plane, with better speed and range than anything of its kind.

He put the price for 913 Ospreys at \$25 billion in fiscal 1984 dollars. Other Pentagon officials said the cost would be \$40 billion when inflation and other increases were counted.

The Osprey's engines and propellers are mounted on the ends of the wings and can be tilted up for vertical flight. The engines are locked in the conventional airplane position for straight-ahead flight.

Some critics contend that the wing, to be built of new composite materials, will not be able to take the strain of this rotation while carrying a combat load of marines and equipment.

However, Colonel Blot said scale-model prototypes of the Osprey had showed that the new technology would work.

The Pentagon's office of program analysis and evaluation concluded three years ago that the Osprey concept was seriously flawed and that a combination of the CH-53E Super Stallion and CH-60 Blackhawk helicopters could do the job for \$9 billion less than the Osprey.

A copy of the analysis was obtained this week by The Washington Post.

The House Armed Services Committee staff issued a report last month stating that "the marine assault mission does not appear to require" the Osprey's longer range.

The deputy defense secretary, William H. Taft 4th, said last week that the "affordability" of the Osprey "still presents substantial concern" and would be formally reviewed by Pentagon officials by Dec. 15.

U.S. Senate Passes Bill That Relaxes Gun-Control Law

New York Times Service

WASHINGTON — The Senate has given final passage to a bill that eases several provisions of the U.S. federal law on gun control. The bill, which the House approved last month, now goes to President Reagan, who is expected to sign it.

Passage came Tuesday on a voice vote. In an unusual procedural move, the Senate at the same time approved a package of amendments, introduced as a separate bill, that was designed to meet objections of a coalition of law-enforcement groups that had lobbied strenuously against the main bill. The House is expected to approve the amendments.

The main bill makes it easier to buy, sell and transport firearms across state lines. It also limits record-keeping requirements by gun dealers and increases the number of people who can legally sell firearms without keeping records. These provisions were sought by the National Rifle Association, which made the bill a top legislative priority and said it spent \$1.6 million lobbying for its approval.

One of the amendments requires gun dealers to keep records of all sales from their personal collections. Another is designed to close what law-enforcement groups had identified as an unintended loophole in the main bill's definition of those who must be licensed to "engage in the business" of dealing in firearms. This amendment makes clear that the definition applies to those who provide firearms at cost, as well as at a profit, to groups or individuals who advocate violence.

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Multiracial Party Wins in Malaysian State

By Michael Richardson
International Herald Tribune
KUALA LUMPUR, Malaysia — The ruling multiracial party in the east Malaysian state of Sabah swept aside its mainly Moslem opponents to score a landslide election victory in results announced Wednesday.

The victory of the Parti Bersatu Sabah in elections held Monday and Tuesday is expected to end a long period of political turmoil and violence in the state and tension with the national government, according to political analysts.

In several weeks of violence last March, more than 50 bombs were set off, five people were killed and more than 1,500 were arrested for rioting and illegal assembly.

The analysts said the National Front, a coalition whose 11 constituent parties control the government in Kuala Lumpur and all of Malaysia's 13 states except Sabah,

would accept the party as a new member after rebuffing it last year. The party won 34 of the 48 seats in the state assembly.

Pairin Kitingin, the leader of the victorious Sabah party, said it would apply for admission to the front. He was sworn in again as chief minister of the state Wednesday and described his victory as a "triumph for multiracialism."

The front is led by Prime Minister Mahathir bin Mohamad. A statement issued by the Malaysian cabinet Wednesday after a meeting in Kuala Lumpur congratulated the party on its victory.

Last March the Sabah party accused federal authorities of seeking to undermine its hold on power by failing to take firm action to halt illegal street demonstrations led by prominent figures in the two main opposition parties, both drawing the bulk of their support from Moslems.

Opposition leaders and protesters claimed the state government was discriminating against Moslems, but the ruling party vehemently denied this and said the people should decide the political future of the state in elections.

Moslems form the largest single ethnic group in Malaysia, which has a population of 15 million. But in Sabah, the country's richest state, Moslems are outnumbered by predominantly Christian Kadazans and non-Moslem Chinese.

The Kadazans are the largest indigenous group in Sabah, which lies on the northern part of Borneo island.

Mr. Pairin said his victory proved that the party had substantial support among all religious and racial communities in the state, noting that it had won nine of the 22 predominantly Moslem seats.

He said his new cabinet would be made up of five Kadazans, four Moslems and three Chinese.

In another development, Dr. Mahathir announced a cabinet reshuffle that analysts said was intended to promote an image of renewed unity and purpose in the National Front at federal level to cope with a serious economic recession in Malaysia.

The reshuffle followed the resignation of Deputy Prime Minister Musa Hitam on March 16. He complained of being excluded from decision-making and being wrongly accused of trying to undermine Dr. Mahathir's position.

The analysts said the cooling of the Sabah issue and the request of the Parti Bersatu Sabah to join the front was one of the factors likely to prompt Dr. Mahathir to call early general elections.

National elections are expected in July or August, well before the government's term of office expires in April 1987.



Mahathir bin Mohamad

Marseille's Socialist Mayor Dies At Age 75

MARSEILLE — Gaston Defferre, 75, the Socialist mayor of Marseille for more than 30 years and a leading figure in postwar French politics, died Wednesday of head injuries suffered in a fall at his home.

Mr. Defferre, a millionaire, ran twice for the presidency, in 1965 and 1969, in addition to his roles as government minister, parliamentarian and newspaper proprietor.

His last government posts were in the 1981 Socialist administration of President Francois Mitterrand, who awarded him the Interior Ministry.

In July 1984, Mr. Mitterrand switched him to the planning and regional development portfolio, the first step toward an honorable retirement.

A staunch anti-Communist, Mr. Defferre spent much of his career fighting off challenges to his position as mayor of Marseille, first from the far left and more recently from the far right.

He was leader of the Socialist group in the National Assembly from 1967 to 1981. He held on to his post as interior minister through three Mitterrand government reshuffles.

Mr. Defferre was born into a wealthy Protestant family in southern France. He studied law and joined the Socialist Party in 1933. He later said Socialism offered him a chance to work in favor of the underdog.

After the Nazi invasion of France in 1940, he became a member of his party's clandestine executive and made several trips to Britain and Algeria for talks with General Charles de Gaulle.

The resistance network he headed carried out several major operations against Nazi forces and helped Allied airmen shot down over France to escape capture.

Mr. Defferre was first elected mayor of Marseille for a year immediately after the liberation. He struggled to keep the city out of Communist hands when most of southern France was under Communist control.

He finally swept out the Communist-led town council in 1953 and had been mayor since then.

In the 1950s he was minister for French overseas possessions and minister of the Merchant Marine. In 1951 he became director of the Marseille newspaper *Le Provençal*, turning it into one of the country's major Socialist press organs.

Living Abroad Best of Both Worlds: Bilingual Children and Their Parents' Choices

By Sherry Buchanan
International Herald Tribune

Among other major questions for people living in foreign countries, parents have to decide whether to educate their children as if they were still at home, whether to immerse them in the foreign language and culture or whether to try to get the best of both worlds.

A major objection to total or even partial immersion is no longer valid. Recent academic research has discredited the long-held assumption, especially among American parents, that learning another language leads to writing, spelling and reading disabilities and possibly psychological traumas.

According to experts, parents brought up in one language and culture tend to blame a new language for the child's and their own difficulty in adapting to a new environment. They want their children to pick up a second language, but can feel alienated once the child does.

Susan Reimer-Torn, publisher and editor of *Kids Extra*, a Paris-based quarterly publication, said: "The idea that my first son had to learn French was a nuisance to me. I felt imposed upon by a new culture, and language was an easy thing to take it out on."

But she and her husband, a Frenchman, stuck to what experts call the golden rule: one parent, one language. If one parent tries to speak two languages, these experts feel, the child becomes confused. Mrs. Reimer-Torn spoke her native English, her husband his native French. Their son, now 7, became fully bilingual.

Vivian Cruise, a bilingual psychologist who lives in Paris and has two bilingual children, said: "I know of cases where the children really did have problems learning a second language, but it is more a psychological problem than a language problem. The child doesn't know where it's at if the parents don't know where they're at."

Whatever the school system, it must be supportive and accepting of the bilingual child.

"My daughter's grades are suffering and she cries a lot," said Stephanie Simonard, senior manager at Peat, Marwick, Mitchell & Co. in Paris.

Mrs. Simonard's daughters, who are bilingual at age 8 and 10, attend a local French school. They are also enrolled in a part-time course at an international school so they can keep up their knowledge of the American language and culture. As a result they miss a day of class at the French school.

"The teachers at the French school are scheduling tests while she is away and are putting 'absent' on her report card," Mrs. Simonard complained.

International schools attempt to provide the best of both worlds by offering courses in both native and foreign languages, as well as a choice of final degree.

Families posted for a couple of years in a series of countries may prefer during the years they spend abroad to keep their children in schools where their native tongue is spoken.

Marilyn Kotati's husband is with the U.S. State Department, where postings abroad average two to four years.

"We opted for continuity in case we move," she said. "The most important thing, we felt, was to keep our son in an American curriculum to ease the transition back to the United States."

Her son attends an American school in Neuilly, a Paris suburb, and gets one hour of French a day.



Polish livestock, believed to be dying, were held at a railway siding on the Italian-Austrian border on Tuesday after tests on the animals showed radiation levels above normal.



Polish livestock, believed to be dying, were held at a railway siding on the Italian-Austrian border on Tuesday after tests on the animals showed radiation levels above normal.

Soviet Delay Hinders Assessment of Accident

By Walter Sullivan
New York Times Service

NEW YORK — The implications of the Soviet Union's disclosure Tuesday of a 36-hour delay in evacuating towns downwind of the Chernobyl reactor, presumably exposing the populations to radioactive fallout, are difficult to estimate without more detailed information.

The town of Pripyat, with a population of 25,000, was little more than 12 miles (19 kilometers) northwest of the burning reactor—the direction the wind was apparently blowing immediately after the accident.

The accident occurred at 1:23 A.M. on April 26, Soviet officials said, but it was not until 2 P.M. the next day that evacuation began of 49,000 residents of towns in the area.

On Tuesday, Yuri S. Sedunov, first deputy chief of the State Committee on Meteorology and Environmental Control, said at a Moscow news conference that radiation levels in Chernobyl, close to the plant, rose to 15 milliroentgens per hour, but by Tuesday had dropped threefold.

Specialists here found it difficult to believe the radiation level was that low so close to the plant. They noted that on Saturday, Boris N. Yelstin, a high-ranking Soviet official, said on West German television that radioactivity at the accident site "had dropped considerably, but is still at 200 roentgens per hour."

On May 1 the Soviet government announced that radiation levels in Pripyat were down by 33 to 50 percent, without saying how high they had been.

A handbook on radiation by Francis L. Brannigan of the U.S. Department of Energy says that in a population exposed to 500 roentgens within a short time, half would die. The first deaths would occur with exposures of 200 to 250 roentgens, whereas at 25 roentgens there would be no observable effect.

It is suspected by radiation specialists here that before the evacuation, inhabitants of the area inhaled enough radioactive iodine-131 to affect their thyroid glands.

Iodine tends to lodge in the thyroid gland and can cause damage sufficient to produce nodules and possibly cancer many years later. They may also have been exposed to radiation from particles of strontium-90 and cesium-137.

The strontium emits high-energy beta particles. The cesium radiates gamma rays. Such fallout enters the body through food, presenting a long-term threat to area residents.

Iodine tends to lodge in the thyroid gland and can cause damage sufficient to produce nodules and possibly cancer many years later. They may also have been exposed to radiation from particles of strontium-90 and cesium-137.

The strontium emits high-energy beta particles. The cesium radiates gamma rays. Such fallout enters the body through food, presenting a long-term threat to area residents.

No international mechanism was in place to begin immediate collection, dissemination and interpretation of potential health consequences, if any, of the myriad radiation readings gathered by dozens of countries as the radioactive particles spread from the Soviet plant drifted around the world, officials said.

Instead, since Sweden reported the first increase in radioactivity last week, there has been a piecemeal, country-by-country scramble to track down radiation reports and their potential health implications. From short-term consequences for food and water to long-term disease rates.

Rise in U.S. AIDS Cases Is Expected for 2 Years

By Lawrence K. Altman
New York Times Service

NEW YORK — The number of AIDS cases in the United States is expected to rise for at least two more years, according to a federal health official.

Dr. James W. Curran, of the Centers for Disease Control in Atlanta, also said Tuesday that physicians were diagnosing more cases of the lethal acquired immune deficiency syndrome from more areas of the country than previously.

"You cannot truly predict the course of the AIDS epidemic because the incubation period of the disease is variable and long," he explained. But he said he believed physicians would continue to see more and more new cases for at least two more years. He did not predict what would happen after that.

Dr. Curran said that New York and California now accounted for less than half of the nation's AIDS cases, as against 75 percent in 1981 and 1982. It was in those two states, in 1981, that AIDS was first recognized as a disease.

The disease now has been found in all states, the District of Columbia and four territories, he said.

Other scientists taking part in a conference with Dr. Curran reported that they had found no evidence that mosquitoes or other common insects spread AIDS. Dr. Curran said that studies had found no role for insects in the spread of AIDS in Belle Glade, Florida, where the incidence of the disease is about as high as in New York and California and where questions have been raised about the role of insects.

Similarly, Dr. Thomas C. Quinn of the National Institutes of Health said that no evidence had been found that insects spread the disease in Africa.

Some experts have suggested that AIDS will be spread in a different way in Africa than elsewhere in the world. The disease has been found to be transmitted primarily through intimate sexual contact and intravenous drug use. In Africa it appears to be spread mainly through heterosexual contact, whereas in the rest of the world it appears to be spread mainly by homosexual contact.

Doctors have identified a few cases in which they could pinpoint the exposure to the AIDS virus. About two to three weeks after exposure, some people experience an acute flu-like illness accompanied by skin rash, swollen lymph nodes, nausea and diarrhea. These people usually develop antibodies to the AIDS virus about two months later.

Health workers have advised that condoms be used to prevent spreading the virus in sexual intercourse. Though studies of condom use are still in progress, it was predicted that the data would show a distinct benefit.

Dr. Curran said blood transfusions in the United States were now safe because of a test that detects antibodies to the AIDS virus. The test has been used in recent months to screen all blood donations.

—Continued on page 5—

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Worldwide Agency Sought

Health officials in the United States and abroad, concerned about the disorganized response to the nuclear accident at Chernobyl, believe there is an urgent need for an international agency to coordinate health information about radiation levels and to react more rapidly to such a disaster, The Washington Post reported.

No international mechanism was in place to begin immediate collection, dissemination and interpretation of potential health consequences, if any, of the myriad radiation readings gathered by dozens of countries as the radioactive particles spread from the Soviet plant drifted around the world, officials said.

Instead, since Sweden reported the first increase in radioactivity last week, there has been a piecemeal, country-by-country scramble to track down radiation reports and their potential health implications. From short-term consequences for food and water to long-term disease rates.

EC Considers Import Ban

European Community diplomats agreed Wednesday on a plan that would suspend imports of fresh food from seven East European countries until May 31 because of the Chernobyl accident, Reuters reported from Brussels.

The plan, which adds Yugoslavia to a list of countries proposed Tuesday by the EC Executive Commission, will be considered by member governments, which are being asked to give approval by Thursday afternoon, diplomats said.

They said there was a possibility that the plan, which must receive unanimous approval, could be defeated by Italy, which wanted a more wide-ranging ban.

The commission had proposed suspending imports of milk products, animals for slaughter, fresh meat and vegetables, and freshwater fish from the Soviet Union, Hungary, Poland, Bulgaria, Romania and Czechoslovakia. Poultry and horses were added to the list Wednesday.

The diplomats agreed that the ban, which probably will come into force on Saturday, should be reviewed on May 21.

Hu to Visit West Germany

BONN — The secretary-general of the Chinese Communist Party, Hu Yaobang, is to visit West Germany next month at the invitation of Chancellor Helmut Kohl, the government said Wednesday. A statement said Mr. Hu also would meet with opposition politicians during his visit June 12-16.

Ethiopia and Somalia Opening Talks, First Since Ogaden Border War of '77

ADDIS ABABA — Ethiopian and Somali officials were to meet here Wednesday in their first face-to-face effort to bring an end to the lingering dispute over the Ogaden border region.

Before the talks began, Ethiopia said it would demand that Somalia recognize existing boundaries as a precondition for lasting peace.

Foreign Minister Goshu Wolde of Ethiopia said Wednesday that "if Somalia recognizes the existing boundaries of Ethiopia and respects its territorial integrity, other differences existing between the two countries are not insurmountable."

The talks here were arranged by President Mohammed Siad Barre of Somalia and Lieutenant Colonel Haile Mengistu Mariam of Ethiopia when they met in Djibouti in January, the first meeting between the two nations' leaders in 10 years.

Ethiopia and Somalia fought a conventional war over the border area after Somalia invaded Ethiopia in 1977. The Somalis were finally driven back by a combined Ethiopian and Cuban force, with both sides suffering heavy losses. Guerrilla warfare has continued sporadically in the area.

Somalia has historically laid claim to the Ogaden, which is inhabited mainly by ethnic Somali nomads.

Ethiopia's ruling military council has called for the extradition from the United States of Dawit Wolde Giorgis, the former head of its Relief and Rehabilitation Commission, whom it accused of embezzling thousands of dollars, Agence France-Press reported.

Mr. Dawit disappeared in December while on a fund-raising tour of the United States and Western Europe and is said to be living in California.

He had gained prominence as the key official responsible for administering national and international aid resources donated to fight starvation in Ethiopia.

The ruling council accused him Tuesday of having personally embezzled \$300,000.

The council said he stole other funds with the help of friends and relatives.

Mr. Dawit was said to have drawn the funds from accounts held by his commission at Ethiopia's mission to the United Nations and the Ethiopian Embassy in London, where individual donors were encouraged to deposit contributions.

Before his disappearance, Mr. Dawit was a trusted member of the Central Committee of the Worker's Party of Ethiopia.

His absence delayed aid planning by the many countries and humanitarian organizations working in Ethiopia.

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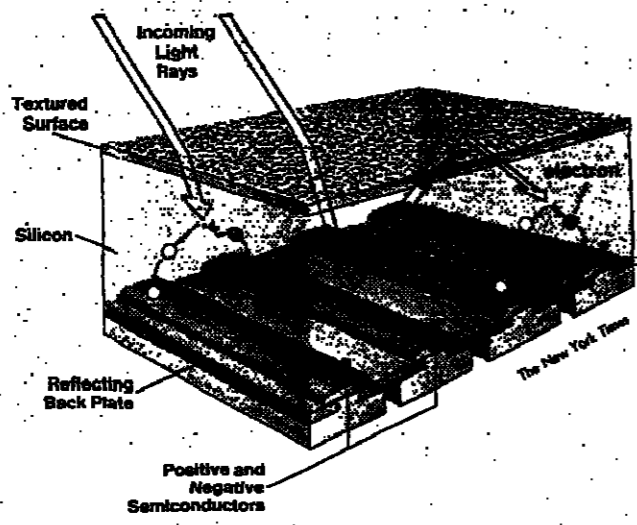
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SCIENCE

Super Cells: New Dawn for Solar Energy

By Walter Sullivan
New York Times Service
A BREAKTHROUGH in the design of photovoltaic cells...



The most recent development, announced by researchers at Stanford University, is a novel solar cell that has reached 27.5 percent efficiency...

to produce electricity from diffuse sunlight, making them applicable in regions where hazy or cloudy days are common. A barrier to multilayer cells has been the use in commercial cells of relatively thick wafers of silicon crystals...

duce electricity indirectly, through heat. One such solar dish design, built by McDonnell Douglas Corp., is being tested at the experimental site of Southern California Edison Co. at Daggett, 70 miles (115 kilometers) northwest of Los Angeles in the Mojave Desert.

Nearby in Daggett is the 30-megawatt SEGS-2 plant (for Solar Energy Generating System). Built in nine months at a cost of \$95 million, it is described by its designers as the world's largest generating plant powered primarily by sunlight.

2 Woodpeckers, Feared Extinct, Sighted in Cuba

U.S. and Cuban scientists have discovered at least two ivory-billed woodpeckers in a Cuban forest — the first sighting in years of a species many experts had believed extinct.



Painting by George Soderstrom, from 'Woodpeckers of the World' by L.L. Short

Researchers 'Vaccinate' Plant Species for Virus

By Harold M. Schmeck Jr.
New York Times Service
A TEAM of genetic engineers has reported the first success in giving plants hereditary resistance to a viral infection.

plants, but Dr. Beachy said it usually took as long as five to seven years to do this, while the new technique can produce virus resistance in about six to eight months.

Tomb Study Illuminates Mycenaean Masons' Skills

By Kerin Hope
The Associated Press
ATHENS — Studies of 3,500-year-old beehive-shaped tombs with stone vaults more than 40 feet (12 meters) high...

mastered was to ensure that the center of gravity always falls on the stone below," said Dr. Cavanagh, who teaches at Nottingham University.

Dr. Cavanagh and a Nottingham University statistician, Robin Laxon, studied 10 intact tholos tombs in different areas of Greece, using a rotating laser to measure the larger ones.

Scientists have had some success in producing disease resistance by conventional crossbreeding of

IN BRIEF

Vitamin Megadoses Called Dangerous

WASHINGTON (AP) — A panel of scientists and the Food and Drug Administration have warned of dangers in so-called megadoses of vitamins and minerals and urged U.S. doctors to record patients' vitamin use and report side effects related to vitamin overdoses.

Fear Paralysis Blamed in Crib Deaths

OSLO (Reuters) — Sudden infant death syndrome may be triggered by paralysis resembling that of a terrified animal, according to a neurophysiology professor in Stavanger. It may also be linked to parents' cigarette smoking and to heavy, tightly wrapped bedclothes, he reported.

Drug Linked to Infants' Hemorrhages

BOSTON (AP) — Heparin, a drug widely used to keep blood from clotting and blocking the tubes that help doctors monitor the vital signs of premature babies, may contribute to dangerous brain hemorrhages, a study suggests.

Rubella Vaccine Risk Called Minimal

ATLANTA (AP) — The national Centers for Disease Control, whose Immunization Practices Advisory Committee recommends that pregnant women not be vaccinated against rubella, now says it has no evidence that the rubella vaccine in use since 1979 causes birth defects similar to those caused by rubella itself.

Sub to Explore Geysers in Atlantic

WASHINGTON (AP) — Hot underwater geysers, once thought to be limited to the Pacific Ocean, are attracting scientists to the Atlantic, where this month and next researchers will dive down more than two miles (three kilometers) in the research submarine Alvin to study vents discovered last summer.

The geysers are about 1,800 miles east of Miami, along the Mid-Atlantic Ridge. Dr. Rona said thousands of shrimp, clams and worms lived near the vents, eating bacteria that exist on chemicals in the hot water. The result, he said, is a food chain that exists without light — something once thought impossible.

France Jails Ex-Diplomat and Lover, A Chinese Opera Singer, for Spying

PARIS — A Paris judge has given six-year prison terms to a former French diplomat, Bernard Boursicot, 42, and a Chinese opera star, Shi Peipu, 47, his lover of 20 years, for spying against France.

Mr. Boursicot's lawyers claimed Chinese agents blackmailed the diplomat into handing over the documents by threatening to keep him from seeing Mr. Shi if he failed to meet their demands.

French counterintelligence agents opened an investigation into the relationship after Mr. Shi's 1982 cultural exchange trip to France and unraveled the espionage link during routine checks on the diplomat and Mr. Shi.



Yuli M. Vorontsov

Soviet Envoy To Paris Gets Moscow Post

By Walter Pincus
Washington Post Service
WASHINGTON — Yuli M. Vorontsov, the Soviet ambassador to Paris, who has been widely rumored to be the leading candidate to become Moscow's next envoy to Washington, will instead return to Moscow to become first deputy foreign minister, Soviet sources said Tuesday.

Mr. Vorontsov served in Washington as the No. 2 man in the Soviet Embassy in the 1970s. In Moscow he will replace another America specialist, Georgij M. Korniyenko.



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NBC Assailed on Talk With Terror Suspect

By Peter J. Boyer
New York Times Service
NEW YORK — An agreement made by NBC News to keep secret the whereabouts of a terrorist suspect in exchange for an interview has stirred a debate within the press and government over the propriety of the arrangement.

In Tokyo, the head of the U.S. State Department's counterterrorism office, Robert B. Oakley, said Tuesday the deal had made NBC an accomplice to terrorism.

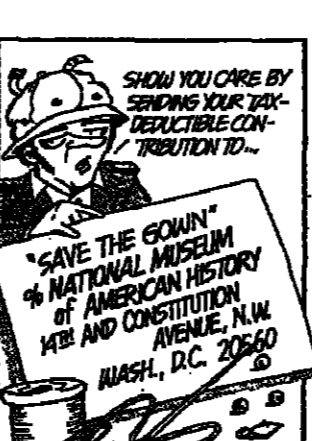
Lawrence K. Grossman, president of NBC News, defended the interview and said he was "dismayed" by the State Department's criticism.

Warren Hoge, foreign editor of The New York Times, said the Times had a recent opportunity to publish an interview with Mr. Abbas under similar conditions attached and turned it down.

Swaziland Chief To Be Hanged

MBABANE, Swaziland — A tribal chief, Magungwane Shobgwe, was sentenced Wednesday to be hanged for the ritual murder last year of a 10-year-old shepherd boy. He is believed to be the first tribal chief to be sentenced to death since Swaziland gained independence in 1968.

DOONESBURY



Herald Tribune

Published With The New York Times and The Washington Post

Leading at the Summit

The seven at Tokyo did useful work on the world's system of exchange rates. If they left the details vague, they were clearer on the crucial element. They declared that they share a responsibility to coordinate their economies. This time Washington seems to mean it. The days of the hands-off currency float are over.

The summit did not try to decide whether the dollar has now fallen too low or the yen has risen too high. That is a large question, and one on which the seven are not prepared to agree. But they have sensibly committed themselves at least to keep talking about the exchange rates and the reasons for their swings.

Why did the dollar rise so high in the early 1980s? Huge U.S. budget deficits were the key to it. They pushed up interest rates, attracting flows of foreign money on a scale that America had never seen before. That happened, by coincidence, at a time when other countries, most notably Japan, were deregulating their financial systems and permitting capital to move abroad more easily. As foreign investors bought dollars, they bid the price up to levels that put unmanageable burdens on many American manufacturers and exporters.

That experience illustrates the truth that exchange rates are not independent of governments' domestic policies. When the rates get out of line, the first place to look for the source of the trouble is at home. The Tokyo commu-

iqué declared that future consultation would not be limited to conventional international issues but would reach beyond them to consider countries' internal growth, their inflation rates and their budget deficits. Those are subjects that several of these governments, including America's, until recently said were nobody's business but their own.

In the history of the Reagan administration, 1981 to early 1985 will be remembered as the period in which the United States refused to recognize any responsibility for exchange rates, or any international obligations that might conflict with its economic plans. But there was a change at the beginning of 1985. One reason was the appointment of James Baker as secretary of the Treasury. Another was the dollar's exchange rate, by then more than 50 percent higher than four years earlier. Since then the United States has been taking a steadily more active part in managing the world currency system — very much to the benefit of the United States and all others that depend on world trade for their prosperity. The currency system is not a robot. It has to be managed, and only the United States can provide the necessary leadership. At Tokyo the American resumption of that essential leadership was more explicit and more effective than it had been for many years.

— THE WASHINGTON POST.

So Much for ANZUS?

If New Zealand outlaws visits by nuclear-armed or nuclear-powered ships, there would be three good reasons for dissolving its alliance with the United States. The reasons are Japan, West Germany and Britain, whose leaders face enormous pressure to ban U.S. nuclear arms.

True, it would be a painful rift. The U.S. Navy has only a marginal interest in visiting New Zealand. Its three million people are eager to preserve the 1951 ANZUS treaty with Australia and America. New Zealand is an exemplary democracy whose soldiers served beside Americans in Korea and Vietnam. Its nuclear allergy seems to be bipartisan and owes much to France's nearby nuclear tests.

Still, the campaign against nuclear vessels has been relentlessly pursued by a Labor Party with cousins in other allied nations. Unlike the Australian Labor Party, Prime Minister David Lange has made good on his crowd-pleasing pledge in 1984. Last year he barred a destroyer because the United States refused to break its worldwide policy of not disclosing naval weaponry. He was unmoved by cancellations of joint maneuvers and consultations. In August

he plans to enact a law empowering him to deny port to nuclear ships.

Whether that violates the ANZUS pact, which makes no reference to nuclear visits, is a legal question. It plainly breaches established practice. The United States warns that New Zealand would thus exclude itself from ANZUS and invite a new American arrangement with Australia alone. Law or no law, the United States will still include New Zealand in its vital defense zones. So will Australia. But New Zealanders are not alone in wanting to nestle under America's nuclear umbrella while indulging an anti-nuclear morality.

The Japanese government has long been under pressure to close its waters to nuclear ships. European peace movements and Socialist parties regularly agitate against deployment of nuclear weapons. If New Zealand secedes from a nuclear alliance without paying even a psychological price, that would only weaken the resistance of other governments. If America's point continues to be made firmly, it may sink in before the unwise August vote.

— THE NEW YORK TIMES.

Missiles for the Saudis

Money alone cannot buy all the American weapons and good will that Saudi Arabia wants, and the U.S. Congress can usefully repeat that message on occasion. But it serves no U.S. interest to cut off the Saudis altogether. That would only drive them into other markets and break their relations with the U.S. military. Congress is wrong to try to block the proposed sale of \$354 million worth of arms.

The Saudis are so used to express their obvious need for stability in the Middle East and for U.S. backing against radical and fundamentalist forces. Yet, much as Americans would prefer a more demonstrative and more democratic ally, they rely on the kingdom, its oil and its strategic value. The missile sale urged by President Reagan would confirm that reliance.

Israel respects that purpose, at least to the point of not opposing the deal; it sees no unmanageable threat to its security. But majorities in the Senate and the House, bolstered by Jerusalem, seem ready to vote against the sale, even threatening a two-thirds override of Mr. Reagan's predictable veto.

The arguments have not been edifying on either side. The Saudis are accused of not doing enough to encourage Arabs to make

peace with Israel; of giving financial support to Syria and the Palestine Liberation Organization and of challenging the legality of America's attack on Libya. In reply, the Reagan administration greatly exaggerates how much the Saudis accept Israel, the importance of their mediations in Lebanon and the imminence of the threat they face from Iran.

The Saudis need to be taken on their own terms. They never risk gestures toward Israel, or America, that would incite Arab radicals. They do pay protection dues to some radicals, to defend themselves and also other moderate Gulf states. They counteract the influence of Iran and Syria by assisting Iraq and Jordan. They invest their fortunes in the West, notably America. They are not conspicuous allies, but they are friends, and useful ones.

The administration has already scaled down this missile order, which consisted mostly of Sidewinder air-to-air missiles and Stinger ground-to-air missiles to improve and replace similar systems. The Saudis have faithfully protected American weapons against unauthorized transfer, a safeguard that is lost if America keeps pushing them to buy elsewhere.

— THE NEW YORK TIMES.

Other Opinion

Chernobyl: Really One World

The Russians have taken a beating for their failure to alert other countries to the enormous dangers immediately after the Chernobyl disaster. Hard though it may be, let's keep politics out of it. The Russian media do not prey on natural or man-made disasters in the way we do. That may be a cultural difference or a political one or a mixture of the two, but we can be sure that they have learned the particular lesson that radiation on the Chernobyl

scale is a secret that cannot be hidden. But surely one bright shaft shines through the Chernobyl plumes? Are people not more conscious now than they were 10 days ago of being part of an international community? And if so, does that awareness not have important political implications? Statesmen on both sides have been saying for years that despite political differences we have to inhabit the same planet. It was a notorious theoretical truism. Now it becomes a practical and urgent fact.

— The Guardian (London).

FROM OUR MAY 8 PAGES, 75 AND 50 YEARS AGO

1911: Motorized Ocean Travel Soon

BERLIN — The first ocean-going motor-ship will make her maiden voyage from Hamburg to New York toward the end of this year, the Hamburg-American shipping company said on May 7. Eight ocean-going ships, equipped with oil motors instead of steam boilers, are being constructed in Germany, and they are expected to inaugurate a new era of sea travel.

The ships will be devoid of funnels, so that their appearance will add a new feature to the maritime highways of the world. Two of the ships are being built for the Hamburg-American company and will be employed for transatlantic cargo carrying. The advantages of the new ships are the economy of the space now devoted to boilers and coal bunkers, the reduction of expenditure on fuel and the diminution of the number of engine-room hands.

1936: Philippines Said to Need Help

BERLIN — "The independence law of the Philippine Islands has turned out to contain definite defects which, if unchanged, will in a few years affect the islands economically to such an extent as to threaten the solvency and stability of the Philippine government," according to K.B. Day, an executive of the Philippines Refining Corporation, who stopped here recently. "The Filipinos are pinning great hopes on the results of the economic conference to be held with the United States either this year or next. The new Commonwealth is now well under way and business is normal. Manuel Quezon, the first Filipino President, has taken hold of the complicated problem of transition in a forceful manner and is making a real effort to give an administration satisfactory to all sections of the community."

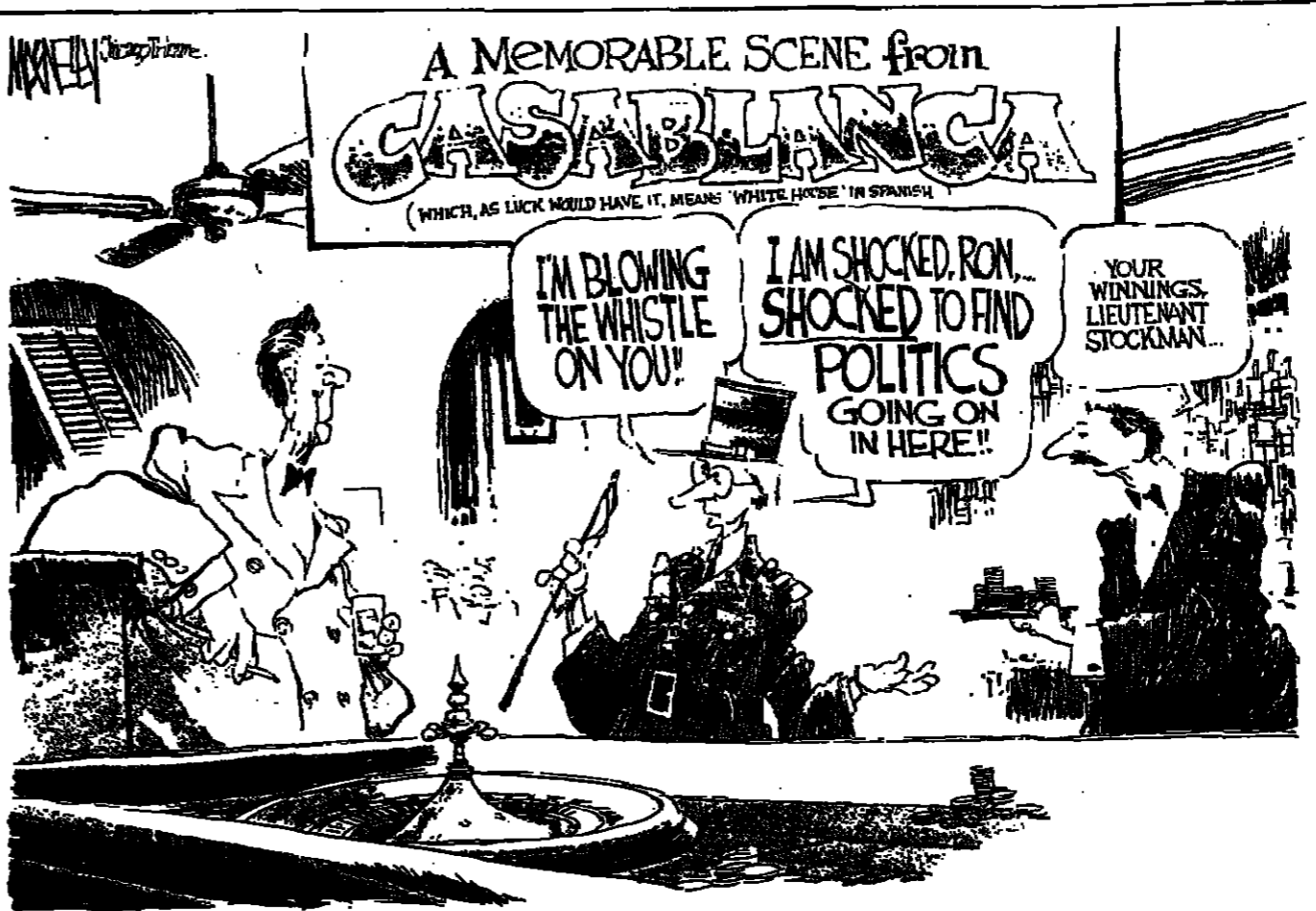
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Where Is the Selfless Public Service of Yesteryear?

WASHINGTON — A reporter once asked General George C. Marshall to name the indispensable qualities of a public servant. He replied: "Courage. Wisdom. Tolerance. An understanding of the democratic procedures."

The remark was in character for that austere public servant. One of his old army colleagues, Lieutenant General Marshall Carter, recalled in 1980 that he had never once heard General Marshall ask in regard to an official decision, "What's in it for me? How am I going to look?"

General Marshall would have trouble recognizing Washington today. There are still a few relics of his era around town: Paul Nitze at the State Department and a handful of lawyers, generals and ex-officials. But the capital today is a far different place than in the 1940s, with a different cast of characters and a different set of values. The patrician liberalism of General Marshall's day is long gone, replaced by a populist conservatism that is at once more democratic and more enthralled by money and power.

The public service ethic that General Marshall embodied is vanishing. This decline is highlighted by some of the extreme cases of the 1980s. But the changes are deeper than a simple list of scandals and indiscretions, which could be compiled for the Truman administration as for the Reaganites. What has happened seems almost a change in culture, a change in the notion of what constitutes acceptable behavior.

This change is illustrated as much by David Stockman, who was one of the Reagan administration's more capable officials, as by Mike Deaver. Both rushed with shameful haste to profit from their public service. Mr. Stockman,

with his multimillion-dollar book and banking ventures, seems the most likely to cash in.

General Marshall's generation regarded government service as a virtuous endeavor, worth the personal and financial sacrifices. These Establishment civil servants could afford to make the gesture, of course, since so many of them were already rich. There was something European about this class of patrician civil servants and their noblesse oblige ethic. That may be why the rest of the country grew to resent them.

In today's Washington, in contrast, government service is instrumental — a way to make contacts, build a reputation, make a reasonable salary — rather than an end in itself. The prevailing ideology these days is that virtuous and rewarding work takes place in the marketplace, in the "private sector." Public life is regarded as a regrettable intrusion into this private sphere, and the institutions of government are seen as a necessary evil rather than as a way to do good.

The decline of public service has coincided with other dramatic changes. It is hard to know what has caused what, but these changes are part of the story of how George Marshall's Washington became the city of Stockman and Deaver. Here is a sampling of statistical and anecdotal evidence about the great transformation:

- **Rising salaries.** The decline of the public service ethic has been accompanied by significant increases in pay. A cabinet officer last year made \$86,200 — not a fortune, but not a hardship wage, either. The big change in pay scales

for senior officials, interestingly enough, came in the late 1960s — at about the same time that the Establishment began to crumble because of Vietnam. The salary of a cabinet officer in 1964 was \$25,000, only \$2,500 more than what he would have earned in 1949. Pay increased slightly in 1964, to \$35,000 a year, but the big jump did not come until 1969, when pay rose to \$60,000.

- **Growing affluence.** Once upon a time, Washington really was the sleepy little town on the Potomac that old-timers remember. No more. According to the April issue of Washingtonian magazine, the D.C. area is now the richest and best-educated metropolitan area in America.
- **The lobbying boom.** The number of political action committees increased more than sixfold in a decade, from 608 in 1974 to 3,992 last year. The increase in PAC contributions to House and Senate races was even greater, jumping from \$12.5 million in 1974 to \$103.3 million in 1984. With the flood of PAC money have come more lawyers and lobbyists. The number of registered lobbyists has more than doubled since 1976.
- **The death of resignations.** It used to be typical for officials who disagreed with policy, or who felt that their useful service had come to an end, to do the proper thing and resign. Paul Nitze decided to resign as SALT negotiator in 1974 because he felt the Nixon administration was too preoccupied with Watergate to do any serious bargaining. Contrast that with the approach of Mr. Stockman, who remained in the Reagan administration for more than four years after he concluded that his fiscal policies would have disastrous effects on the economy.

The Washington Post.

The Coming Recession in Mexico Means Trouble

SAN DIEGO — Mexico is heading for a severe recession this year, and the aftershocks will roll northward, causing problems for the United States that will have nothing to do with Russia, Cuba or Nicaragua.

This crisis for Mexico will be worse than the downturns of 1977 and 1983. Quite possibly it will be the worst since the early 1930s.

The oil price collapse has been so sudden and so extreme that projections cannot keep up with events. No sooner did the Mexican government reword its short-term forecasts, dropping the anticipated market price for crude exports from \$24 a barrel to \$18, than the price fell to \$12.

Until very recently, many Mexican policy-makers seem to have assumed that after a brief sinking spell, OPEC (or someone) would restore a semblance of order to the oil market; by next winter the glut would disappear and prices would rise. Only now are people beginning to realize that the current weak energy prices could well last to the end of the decade.

This is also a wrenching prospect for Texas, Alaska, Scotland, Ecuador, Venezuela and all the other oil producers who thought their pipelines would always pour forth riches. But the implications for the Mexican economy are particularly severe.

Mexico was already exceptionally vulnerable before this latest blow because oil revenues were so central to its development strategy and even to its political stability.

The Mexican economy has been stagnant for five years. There has been little investment — too little to create productive employment for the increasing number of young people who leave school and add 3 percent to the labor force each year. Meanwhile, inflation has ranged between 60 and 80 percent a year.

Economic managers trying to service and roll over Mexico's \$100-billion foreign debt have almost no room for maneuver on other fronts. So the last thing they needed was last September's devastating earthquake, which killed tens of thousands in Mexico City (many more than officials admitted) and left hundreds of thousands with makeshift homes and schools. The government outlined its reconstruction plan last December. Exceptional sacrifices would have to be made in the 1986 budget, it said.

The trouble was that budget assumed an oil price of \$24 a barrel.

It also assumed that Petróleos Mexicanos, the state-owned oil monopoly, would contribute no less than 45 percent of total budget revenues and that oil would bring about two-thirds of Mexico's export revenues.

As of now it seems unlikely that Pemex can provide more than 25 percent of government revenues for the foreseeable future. Instead of earning a projected \$14 billion from crude exports, Mexico will be lucky to clear \$7 billion, and \$5 billion may be a more realistic forecast.

Falling interest rates help a bit, but they only partly offset the staggering loss in oil income. Inevitably the government will have to cut spending even more drastically than it already has. In the private sector, "export or

die" will be more than just a slogan.

Unlike most other Third World oil exporters, Mexico has a large and relatively sophisticated industrial base. In the long term, exports of manufactured goods could replace oil exports. But the qualification "long term" is critical. Mexico's industry is not now geared to mount a great export drive. It mostly supplies a sheltered home market. Ahead lie sudden and disruptive shocks as the government slashes subsidies, domestic demand contracts and sources of credit disappear. Labor unrest and social stress will also take their toll as the crisis worsens.

President Miguel de la Madrid has evidently discovered that Mexico can get outside help only on highly conditional terms and on a relatively small scale. As a result, nearly all the effects

of the "reverse oil shock" will have to be absorbed internally — through reduced consumption, reduced investment, reduced employment.

To put it bluntly, more Mexicans will go hungry, more will emigrate and hopes for development will fade.

Unlike the recessions of 1977 and 1983, the slump of 1986 may not lead to a cyclical upturn after a year or so. If oil's price weakness persists, the downturn will prove not only exceptionally steep but also long-lasting.

This bleak prospect is especially likely if foreign creditors succeed — as now seems probable — in obliging Mexico to continue giving high priority to servicing its external debt, and if the shift to export manufacturing is as slow and painful as expected.

For the United States, a severe recession in Mexico means trouble.

Exports to Mexico will drop. Tensions south of the border will rise, and so will border pressures. The Mexican government is not likely to collapse under the strain — not yet, anyway. But its behavior may well become more erratic and alarming.

This will not be the work of Communist agents. It will be largely the product of market forces, abetted by internal incompetence and corruption. It will also be the work of dogmatists, mostly in the United States, resolved — sometimes self-servingly — to "set the markets free."

The writer, a fellow of Nuffield College at Oxford University, is co-author of a forthcoming book on Latin America's debt crisis. He is on leave as acting program director at the Center for U.S.-Mexican Studies at the University of California, San Diego. He contributed this to the South-North News Service.

The Summit Neglected the Third World

TOKYO — Despite the hopeful communiqué, the leaders took no new or significant action to deal with the critical Third World debt problem, beyond a routine endorsement of the now-famous "Baker initiative" announced last October.

Before the summit, President Julio María Sanguinetti of Uruguay wrote the host, Prime Minister Yasuhiro Nakasone, on behalf of the Cartagena group of debtor nations. He called the plan of U.S. Treasury Secretary James Baker "insufficient," and appealed in vain for lower interest rates.

Given the history of economic summits, it is not surprising that the tough problems get swept under the rug. And the Tokyo summit was overwhelmed by the Soviet nuclear explosion and the terrorism issue.

Whatever the limits of summitry, the debt problem is real. As Senator Bill Bradley, a New Jersey Democrat, has observed, the Baker debt initiative was a significant step because it recognized that Washington's approach to the problem, stressing austerity rather than economic growth, had "reached a dead end."

But the Baker plan is too narrow in scope and too demanding on the 15 debtor nations involved. It insists that they make drastic changes in their economies so as to become more "market-oriented" and "growth-oriented." If that "privatization" test is met, Mr. Baker proposed an injection of almost \$10 billion a year in new capital in the 15 nations, over and above what had been planned for the next three years, from commercial banks and international organizations such as the World Bank.

The critical problem that the Baker plan fails to address is that the developing countries have had to become large net exporters of capital. The Third World needs relief from this burden. A study by the Aspen Institute says: "If they are to have any hope of growing, and if we are to have any hope of being repaid over anything beyond the very short term, the

net flow of capital must be reversed."

Since the debt crisis broke out in the world's consciousness in 1982 when Mexico could not pay interest on its then \$90-billion debt, these payments have been "rescheduled," that is, added to the total debt owed. In banker Felix Rohatyn's apt phrase, "This is a bridge to nowhere."

Despite great effort to boost exports and reduce imports, the total debt has continued to expand.

If relief is provided by cutting interest rates and stretching out the terms, many American banks will have to adjust their books to reality and accept damaging losses.

Mr. Rohatyn and Mr. Bradley approach the problem somewhat differently, but both call for dramatic changes in the Baker plan.

Mr. Rohatyn wants to cut current interest rates to Latin American countries by 4 percentage points, saving them about \$15 billion annually. That would cut the profits of American banks, he figures, by \$4.5 billion.

He suggests a guarantee of the banks' loans by the United States or the World Bank. In effect, "the banks would exchange current profits for long-term financial security." And to bid on new capital, he would put the site on Japan — which is running huge trade surpluses — for \$100 billion over five years, funneled through the World Bank and the Inter-American Development Bank.

Thus, together with \$75 billion in interest rate relief, Mr. Rohatyn is talking of the injection of an aid package of \$175 billion of new capital — \$35 billion annually, against Mr. Baker's \$10 billion.

Mr. Bradley emphasizes relief from the existing debt, more than new loans, for countries that initiate their own programs to "rekindle growth and nurture democratic institutions." A critical test would be the ability of the Third World nations to stop the existing, devastating flight of capital

out of their countries to safer havens.

If the citizens of the developing nations plainly believe their own countries are a bad risk, why should foreigners continue to pump new money in? Mr. Bradley is convinced that his plan would encourage real economic reform from within the affected countries, because it would not be dictated from the outside. If the Baker initiative has stalled, that can be attributed to the political inability of most debtor nations to admit that they are knocking under to Uncle Sam and the big bankers.

To heads of state and industrial nations' finance ministers, ideas like Mr. Rohatyn's and Mr. Bradley's appear to be off the wall. But, as Mr. Rohatyn says, the banks are already prisoners of their big borrowers. Peru and Nigeria have taken the situation in their own hands and placed a "cap" on their interest payments.

Mexico, a U.S. neighbor and partner, is a special case. A collapse there could have untold consequences.

The Washington Post.

Promoting A Switch In Moscow

By Adam B. Ulam

CAMBRIDGE, Massachusetts — "The revolting nature of terrorism manifests itself in undecorated wars... taking of hostages, seizing of airplanes and exploding of bombs in the streets, airports and railway stations. Those who inspire such terrorism try to cover up with all sorts of cynical fabrications."

No, it was not a Western spokesman who delivered that ringing denunciation, but General Secretary Mikhail Gorbachev, addressing his party's 27th congress last February.

But what did the Soviets do when the United States, in view of its inability to put other constraints on worldwide terrorism, launched a punitive strike against the country whose regime is generally seen as one of the main instigators of such horrors? The U.S. raid on Libya was roundly condemned by the Kremlin. The May meeting of Soviet and American foreign ministers that was to lay the groundwork for the next summit was called off by Moscow, and indeed Mr. Gorbachev hinted that the summit may not take place.

What is going on? Is this yet another case of divergence between a punitive strike against the country whose regime is generally seen as one of the main instigators of such horrors? The U.S. raid on Libya was roundly condemned by the Kremlin. The May meeting of Soviet and American foreign ministers that was to lay the groundwork for the next summit was called off by Moscow, and indeed Mr. Gorbachev hinted that the summit may not take place.

Some would cite the splits within the Soviet leadership to explain why Moscow intermits blows hot and cold about the summit. Mr. Gorbachev, they believe, genuinely wants to promote a dialogue with the West but as yet has been unable to prevail against the views of the Politburo and military hard-liners.

Others argue that the Soviets want new detente but that the Reagan administration's actions and attitudes since the Geneva meeting have given them little hope that another summit could be fruitful in lowering the tension between the two superpowers.

There may be some truth in both interpretations. But the basic reason for the Kremlin's inconsistencies and hesitations is probably found elsewhere, in what might be called the split personality of Soviet foreign policy. That debility was illustrated in the general secretary's speech at the congress. It is as if two Gorbachevs emerged in the discourse.

One was a devout Marxist-Leninist mouthing platitudes about the rapacious nature of capitalism and scathing in his references to "the military industrial complex," which, according to him, has dominated the Reagan administration and seeks to destroy socialism and subjugate the Third World. But along with the dogmatist you could also hear a pragmatic statesman insisting that the two superpowers must agree to banish the specter of a nuclear holocaust.

Such an agreement possible? The Soviet leader answered his own question: "It would be easy to say: Maybe yes, maybe not. But history does not permit us to acquiesce in such a prognosis. We must not let mankind survive the question whether mankind is to survive. We say: Social progress and the life of our civilization must and will go on."

Which is the real Gorbachev? Unfortunately, his ambivalence reflects that of Soviet policies in general. Genuinely desirous of avoiding a nuclear war, which they now admit would be unwinnable, Soviet leaders still balk at admitting the logical deduction that preservation of peace requires more than just American and Soviet signatures on a new strategic arms limitation agreement.

And one of the main prerequisites of true international cooperation would be for Moscow to curb its expansionist drive and cease to provide arms and diplomatic support to regimes like Moamer Qadhafi's.

So the question is whether the Kremlin can abandon what has been one of the main premises of its foreign policy: that any trouble, any setback to the West's interests and security, no matter how dangerous its consequences to international stability, is a gain to the Soviet Union.

Judging from the speeches at the 27th congress, such a reorientation of the Soviet philosophy of international affairs is unlikely to come soon or easily. To some extent, a reorientation must depend on the West. Will the United States and its allies be able to synchronize their policies more successfully than has been the case in the last 20 years or so?

It is only when the Western powers can combine tenacity of purpose with flexibility of tactics that they can hope to influence the Soviet Union's policies in a desirable direction.

The writer is director of the Russian Research Center at Harvard University. He contributed this comment to the Los Angeles Times.

LETTER TO THE EDITOR

What UNRWA Does

A letter in your May 2 issue raises a number of points about the United Nations Relief and Works Agency, which need clarification.

UNRWA was established by the General Assembly in 1949 to help Palestine refugees. Its mandate has been regularly and unanimously renewed. The agency has always relied on voluntary contributions to fund its programs, and over the years education has become its priority.

UNRWA has a large staff, but with a student enrollment of 350,000 in 637 primary and junior secondary schools and 8,000 in eight training centers a large teaching staff is necessary. Despite having 10,100 teachers, the pupil-teacher ratio in many schools is as high as 50 to 1. Any increase in staff over the years has

been directly related to a growing student population, although this year no new teachers were hired because of financial constraints.

UNRWA also provides a preventive health care program and a small welfare program for the poorest refugees. And in the past 10 years it has regularly provided emergency relief for thousands of refugees in Lebanon. Despite the continuing turbulence of the Middle East and constant outbreaks of violence in Lebanon, UNRWA continues to run its schools and clinics.

Since June 1982, 22 UNRWA employees have been killed in Lebanon while providing UNRWA services to Palestine refugees living there.

RON WILKINSON,
Public Information Division,
UNRWA, Vienna.

NORTH AMERICAN REAL ESTATE

A SPECIAL REPORT

THURSDAY, MAY 8, 1986

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Canada: Oil Fall Troubles The West

TORONTO — The considerable momentum in Canada toward a more open, more business-oriented climate under Prime Minister Brian Mulroney was seriously interrupted, but not derailed, by the collapse of oil prices. That collapse, however, has created serious problems for much of Western Canada, especially the Edmonton and Calgary real estate markets.

Neil Young, executive vice president of the Campan Corp., a major commercial developer based in Toronto, observed that, with substantial overbuilding in recent years, "Calgary is bad, but Edmonton is worse, with net effective rents of two or three dollars a square foot a year."

Mr. Young noted that "in spite of everything, there was actually some talk of new building construction in Calgary" for one major tenant. He predicted that the 1988 Winter Olympics in Calgary would most likely "not have a major impact."

Indeed, Isadore Sharpe, the chairman of the Four Seasons hotel chain, also based in Toronto, noted that "Alberta is a disaster" because of its heavy dependence on the oil industry.

Farther west, however, Mr. Sharpe added, Vancouver's Expo 86, a spectacular though modest world's fair, has been a great success. Nevertheless, many experts have observed that Vancouver's market is soft, with little relief in sight because of the continuing depression in the metals and lumber industries.

Ottawa, according to Mr. Young, is a soft real estate market, but some new construction, especially retail, is moving ahead in Montreal, which is rebounding a bit from the bad times of the separatist campaign years, during which there was an exodus of financial activity to Toronto, which continues to boom.

While its office vacancy rate has almost doubled in the last few years to around 10 percent, Toronto remains one of the strongest real estate markets in North America. Long a mecca for urban planners because of its excellent mass transit system, lively nightlife, robust residential architecture and strong sense of community, Toronto, nevertheless, is at a major crossroads in its history.

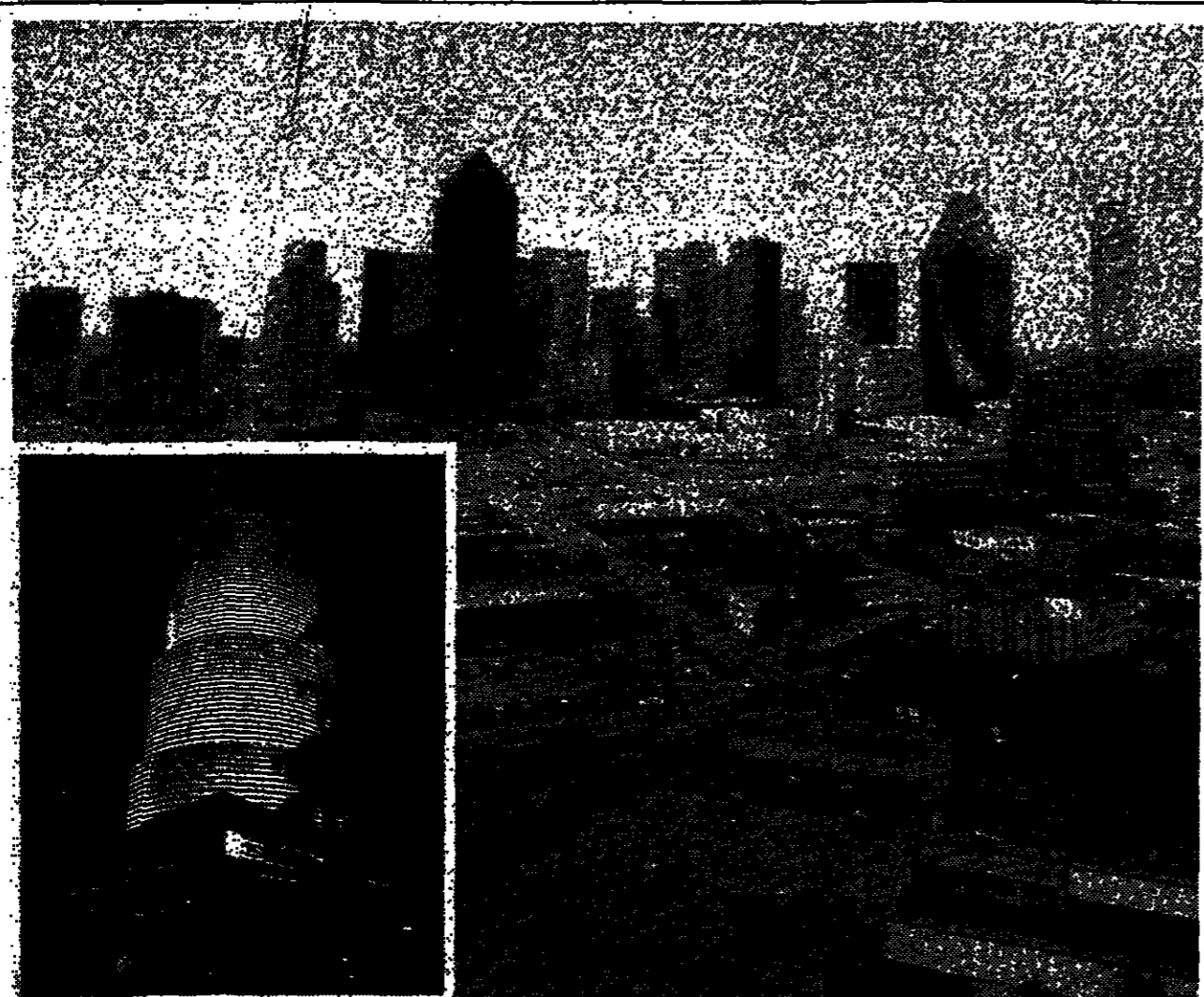
In recent months, it has approved several developments that will reshape its downtown core: recently signed a fixed-price contract to build a large domed stadium on part of the railroad yards that separate the financial district from the waterfront.

In a separate action, it authorized 200 acres (80.5 hectares) of the yards to permit a maximum of 12 million square feet (1.1 million square meters) of commercial space and 4 million square feet of housing from a previous maximum of just 6 million square feet of commercial space.

At the same time, Toronto is awaiting federal approval of a plan to develop more than 4.5 million square feet of space on a site near the new convention center in the same vicinity to provide facilities for the Canadian Broadcasting Corporation. And another adjacent block, approvals have been given for about another 3 million square feet of office and retail space on a site owned by Marathon Realty, a subsidiary of the Canadian Pacific railroad.

This total of more than 13 million square feet represents a significant expansion of the area's commercial space, but Mayor Art Eggleton does not foresee the new "heartland" destroying the city's widely acclaimed livability and civility. According to David Thomson of Oxford Development Company, there are about 22 million square feet in downtown Toronto

(Continued on Next Page)



Central Datas: The LTV tower, right, with pyramidal roof, was designed by Skidmore, Owings & Merrill and I.M. Pei. But overbuilding, the banking and oil crises have slowed down the Texas scene (Page 8). Inset, Centrust tower in Miami by I.M. Pei is nearing completion (Page 9).

Design: Post-Modernism and Beyond

NEW YORK — The quality of architectural design for major commercial, retail, public and residential projects in North America was remarkably high in the last year or so for the first time in years.

There were, of course, a number of disappointments from some prominent firms, demonstrating that there may be a limit as to how many superb designs can be feasibly expected to be produced simultaneously by the same firm.

Skidmore, Owings & Merrill and I.M. Pei made significant re-entries into design leadership, with such buildings as the LTV and Texas Commerce towers in Dallas for the former and the Centrust Tower in Miami and the new Convention Center in New York for the latter.

Meanwhile, John Burgee with Philip Johnson and Kohn Pedersen Fox, two of the three "hottest" firms of the last few years, continued to produce interesting, though occasionally uneven, work.

The third firm, that of Helmut Jahn, became more controversial, using rather faded,

bland colors that greatly diminished the energy and originality of its State of Illinois Center in Chicago. It also displayed a great disregard for context in major towers for Bruce Fichner and George Klein in Manhattan.

Nevertheless, the design for Donald Trump for the railroad yards on the Upper West Side of Manhattan and for Olympia & York's submission for the South Ferry project, also in Manhattan, showed that Mr. Jahn is a master form-giver. The former included two sets of three related but different tall towers on either side of a proposed 150-story tower that would be the world's tallest building. The latter appeared to create a glass case the shape of the Eiffel Tower.

Meanwhile, Michael Graves, the country's most controversial architect and post-modern designer, was asked to redesign his plan for the expansion of the Whitney Museum of Art in Manhattan following strong public opposition to his proposal to tuck Marcel Breuer's Whitney Museum building under a pile of assorted stylized building blocks. Mr. Graves' new design is expected to be essentially the lower half of his earlier design.

At the same time, a sense of gaiety, if not humor, has become widely accepted in such new, popular "festival" places as the Horton Plaza mall in San Diego, designed by Jon Jerde for Ernest Hahn, and the redevelopment of the train station in St. Louis by the Rouse Company and Benjamin Thompson.

The two best new post-modern projects are able to humorously play variations on the box-in-a-box-in-a-box theme. One is Hardy Holzman Pfeiffer's plan for replicating in decreasing order the ornate facade of the former Willard Hotel in an expansion and rehabilitation project in Washington.

The other is John Burgee with Philip Johnson's Crescent office, hotel and retail complex near the downtown center in Dallas. The huge, opulent project is rather like a cream puff with wisps of ornate cast-iron filigree seeming to wrap all its diverse elements rather neatly together.

The office portion is divided into three sections that are angled in an arc by concave cast-iron screens in front of large plate-glass windows. The arc faces away from downtown and embraces a smaller arc-shaped building which is the hotel. On the other side of this is a wedge-shaped retail section with sunken circular cast-iron railings and levels.

Despite its large size, there is almost a dollhouse charm to the project whose chateau size treats the surrounding low-rise buildings as if they were fallen statuary in a neglected formal garden.

John Burgee with Philip Johnson also were the architects for another French-inspired project, a gray-stone, medium-sized office building for Gerald D. Hines Interests on Montgomery Street in San Francisco, directly across from the monumental Bank of America tower. A well-intentioned, sedate and slight building, it, nevertheless, has what most post-modern buildings do not, prominent sculpture, in this case a series of multi-story white shapes standing with classical flair in front of a dark glass version of a slanting mansard-type roof. Almost 30 stories away from the street, the statues are clearly not highly detailed and suggest the vast potential of modern-day whimsical abstract gargoyles, caryatids and the like. In Washington, Arthur Cotton Moore has

(Continued on Page 9)



Office Market Booms in New York, Outer Boroughs

NEW YORK — In most years, the defeat of a major project like Westway, the proposal to rebuild Manhattan's highway along the Hudson River and create new land for parks and housing and give access for the first time in decades to the city's prime waterfront, would be sufficient cause for pessimism about a city's sanity, or future.

So sunny, however, is the New York City office market that the death of Westway last year was scarcely protested. This was partly because so many new projects were being initiated or completed that even sophisticated planners had trouble keeping track of them.

In Manhattan, new construction and rehabilitation projects jostled with large, new and expensive bistros and boutiques in virtually every neighborhood south of 96th Street, where three large high-rise projects are nearing completion on the East Side.

New construction in the city's outer boroughs has suddenly become a reality, a response not only to the saturation and high costs of Manhattan but also to the growing threat of major development of the New Jersey Hudson River frontage with its incomparable views of the city.

Because the east midtown area has few developable sites left, the west midtown area is rapidly developing at the north

end. It is being led by the Metropolitan Tower on West 57th Street, the Equitable Center on Seventh Avenue at 54th Street, both nearing completion, and the redevelopment of the former Madison Square Garden site on Eighth Avenue at 50th Street, the Coliseum at Columbus Circle, and the railroad yards farther north along the Hudson River.

The Equitable Life Insurance Company's decision to vacate its tower on the Avenue of the Americas and redevelop a new one on the remainder of the block extending to Seventh Avenue has resulted in a lobby promenade a block long, largely due to the installation of two large galleries for the Whitney Museum of American Art.

The Skidmore, Owings & Merrill office tower design for William Zeckendorf Jr.'s plan to redevelop the entire vacant block of the former Madison Square Garden site on Eighth Avenue at 50th Street is largely derived from Cass Gilbert's massive, pyramid-roofed New York Life Insurance Building of 1928 on Madison Square.

Mr. Zeckendorf has emerged as one of the city's most aggressive and innovative developers, striking joint-venture deals with the Japanese for several critical sites that have long lay fallow, including the S. Klein site on Union Square that is now going into construction.

Nine blocks north on Eighth Avenue, Moshe Safdie has come up with a prismatic, twin-towered design for Morimer Zuckerman's redevelopment of the Coliseum site at Columbus Circle.

Helmut Jahn's plan for Donald Trump's redevelopment of the railroad yards farther west and north from Columbus Circle at the Hudson River promises to be the architect's best work in New York. The proposal is for eight major towers, including one in the middle that would be the world's tallest building.

With the recent completion of a pier at the South Street Seaport, the city's decision to redevelop the immediate area of the Staten Island Ferry Terminal and the coming to fruition of Battery Park City, Lower Manhattan has been born again and is in good health.

The first commercial component and the second phase of residential construction at Battery Park City are now opening. The generally pleasing mix of curtain wall treatments on the facades and the geometric roof forms of Olympia & York's several large office buildings, all designed by Cesar Pelli, are to be united soon by a great glass "winter garden" that is nearing completion. Whereas the major Dallas devel-

(Continued on Next Page)

Development Business Turns 'Lean and Mean' In a Changing Market

By Carter B. Horsley

NEW YORK — The office-building boom of the 1980s has created a new America that is increasingly decentralized, suburban and vacant despite the continued emergence of glamorous and festive downtowns.

Fueled more by the availability of aggressive financing than by demand for space, the overbuilding has continued longer than most real estate cycles and a substantial shakeout is expected by many leading developers, brokers, consultants and lenders. They have begun to align themselves in the last year or so with a variety of long-term "hitters" with deep financial pockets.

Declining interest rates, however, together with renewed foreign investment, mounting concerns about international terrorism and the aura of prosperity of the Reagan era have somewhat buttressed the present structure of the development business. However, if the new corporate image is healthy, it is also lean and mean rather than slack and expensive.

Even if a bust is averted, the real estate markets are not likely to revert to the frenzy of recent years. Cushman & Wakefield Inc., a leading national real estate organization based in New York, recently predicted that office starts will be 20 percent to 25 percent lower in 1986 than 1985 and noted that with lower effective rental rates and higher vacancies, building values are expected to appreciate more slowly in the near future.

It also observed that some bargain hunting by investors is likely because prices for many properties may fall below their replacement costs.

Leasing activity is likely to be considerable as many tenants take advantage of their bargaining position in the office glut by upgrading to newer quarters at little increase in cost, renewing at decreases and obtaining equity positions in some properties.

David S. Weinberg of the Cadillac Fairview Corp., a major development concern in both the United States and Canada, recently said in an interview that he did not foresee a resurgence of new construction until the early 1990s.

The problem varies greatly from one market to another. New York and Washington are very strong markets. Boston and Philadelphia are undergoing renaissances, as are some smaller cities like St. Louis and Charlotte, North Carolina. On the other hand, the collapse in oil prices has severely hit such energy-dependent centers as Houston, New Orleans and Denver.

Mack Pogue, the chairman of the Lincoln Property Co., which is based in Dallas and is one of the nation's largest and most active developers, estimated that Houston may take seven to 10 years to absorb its surplus space, whereas Boston, San Francisco and Chicago might take only two years.

Mr. Pogue also noted that the trend of municipalities to impose growth controls was not unwelcome, citing San Francisco's adoption of a downtown plan last year that puts an annual limitation on the amount of new construction.

Anti-growth legislation is proliferating from the Carolinas to California. Boston, for example, is discussing a plan to "link" commercial construction to housing programs and, while such proposals make the development process more difficult, they are beginning to be welcomed by many developers, who would rather deal with specific laws than with the uncertainty of using political clout.

For awhile, office space per worker increased steadily, but the great explosion of such space to meet the transformation of the U.S. urban economy from manufacturing to services may well be slowing.

John L. Dowling, executive vice president of Cushman & Wakefield, noted in a recent speech that "it would be excessively optimistic to expect that the unprecedented growth in office employment, which occurred in the 1970s, can continue through the 1980s."

Furthermore, he said, "the reconstruction of the American economy with leveraged buyouts, mergers and acquisitions is shrinking the size of corporate staffs." Mr. Dowling predicted that absorption will decline from close to 200 million square feet (18.6 million square meters) last year to less than 150 million square feet annually for the rest of the decade, with vacancy rates increasing to more than 20 percent over the next year or so, resulting in a three- or four-year supply of space.

Most markets are now two-tiered, according to M. Leanne Lachman, president of the Real Estate Research Corp. in Chicago, with existing and tenanted properties remaining attractive while "new developments competing for tenants are less appealing in the short run unless they can be acquired at substantial discounts."

According to The Office Network's most recent review of selected markets, the amount of available space, including space under construction, rose to 356.2 million square feet at the end of 1985 from 318 million square feet the previous year. The current figure "is almost five times the absorption of 1985, an indication of a continuing market softness."

Office vacancy rates have shot up about 500 percent in the last five years on a national basis to around 17 percent. Suburbs, however, are several points higher. One recent study estimated that, when current construction is completed, more than 57 percent of the nation's total office market will be outside downtown areas, as compared to about 48 percent in 1981 and 25 percent in 1970.

Mr. Dowling said that "suburban and secondary markets will continue to be the recipients of a proportionately larger share of office construction activity."

Indeed, only a few cities, such as Chicago, Philadelphia, New Orleans and New York, have larger central business districts than suburban space. Cities such as Los Angeles, Dallas, Washington, Houston, Miami, Cleveland, San Diego, Baltimore, Fort Worth, Texas, Hartford, Connecticut, and Tampa, Florida, have a third or less of their metropolitan region's market in their downtowns.

Miss Lachman observed that sprawling Los Angeles, with its "comprehensive nodes," appears to be the prototype of much new growth. "Downtowns are not dead, nor dying," she said, "but most new employment is going to the suburbs. Five years ago, downtowns captured 50 percent and now it's 35 to 40 percent and downtowns will continue to lose share."

The Hyatt Hotels Corp. recently announced a major expansion program that calls for at least 40 medium-sized hotels geared to the business traveler to be built by the end of 1990 to meet the "rapid rise of deluxe suburban office parks" and "urban villages springing up around major metropolitan areas."

At the top of the market, the Four Seasons hotel chain has launched an expansion program that includes two new mixed-use spa and hotel facilities in the Las Colinas suburban complex near Dallas and a

major new hotel in Newport Beach, California. The group is also beginning to consider resorts.

Some developers, such as the Continental Development Group Inc., in New York, are now focusing on expanding the concept of high technology offices and research-park developments in joint ventures with universities.

George Sternlieb of the Center for Urban Policy Research at Rutgers University said that "last year, roughly two-thirds of total office space was built outside the central city."

He added, "Despite the thin veneer of Manhattan and other world cities, the real center of the pork chop — the jobs and the resident incomes — is outside the circumferential belts, 30 or 40 miles" outside of central business districts.

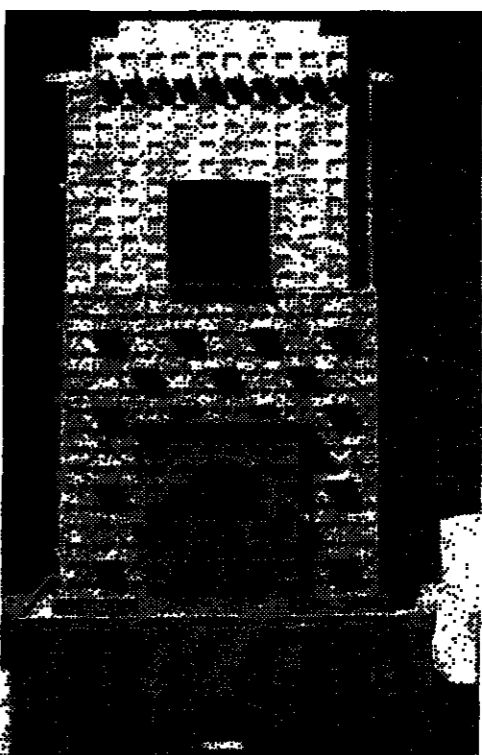
Mr. Sternlieb noted that recently, "some of the smart money has been pulling out" of real estate investments.

Demand has been quite strong generally, but not enough to offset the tremendous amount of money chasing and creating new construction deals.

Mr. Pogue and many other experts noted that the nation's savings and loan industry "seemed to make several mistakes in their leading programs as to developers and location." He said "large development companies that had been through overbuilding cycles before knew what not to do and did not forget."

(Continued on Next Page)

CARTER B. HORSLEY, a New York Times journalist and a specialist in real estate, wrote this special report.



Michael Graves's design for a mixed-use tower for Sotheby's in Manhattan.

New Housing Starts Are Expected to Set Record for Decade

NEW YORK — The turmoil of the commercial sector is not matched in residential real estate.

The National Association of Realtors reported last month that with long-term mortgage interest rates expected to drop to less than 9 percent by the end of the year, existing home sales and housing starts totals for the year were expected to be the highest of the decade.

It predicted a 2-percent increase for 1987 in existing single-family home sales to 3.6 million, while housing starts were expected to total 1.9 million this year, a rise of more than 11 percent from last year and the highest since 1978.

Strong demand for housing will cause prices to accelerate. The realtors association said the median existing single-family home price is likely to rise about 5 percent to \$78,900 this year, while the median new-home price is expected to increase 7.5 percent to \$90,500.

The market for condominiums was "the hottest in history in the Northeast," according to a U.S. Housing Markets report published last month by the Lomas & (Continued on Next Page)

How Cities Score On 'Momentum Index'

NEW YORK — Landauer Associates, a real estate consulting firm based in New York, recently created a "momentum index" as a composite indicator to relate growth projections for office employment to the pace of office inventory additions.

The index is plotted on a ratio scale centered on 100, which corresponds to the median demand-supply relationship for large U.S. cities. Metropolitan areas indexed below 100 are considered subject to further weakness before a market correction occurs. The index placed Washington at 42, followed by Orlando, Florida, 44; Oklahoma City, 60; Seattle, 60; Boston and New Orleans, 71; Nashville, 73; Houston and Phoenix, 76; Tampa, Florida, 80, and Atlanta, 96.

On the other end of the index's spectrum, Chicago had the most favorable "momentum" with a rating of 278, followed by Philadelphia, 244; New York, 184; Kansas City, 162; Charlotte, North Carolina, 149; St. Louis, 144; Minneapolis, 140; Los Angeles, 129; Miami and Cincinnati, 122; San Francisco, 118, and Denver, 102.

A SPECIAL REPORT ON REAL ESTATE

Office Market Is Booming in New York

(Continued From Previous Page)
opos would have used rare African woods and rich marbles, the interior of the first office tower lobby has metal balustrades and patterned wallpaper.

according to Alexander Cooper of Cooper Eckstut & Associates, the architectural firm that drew up the design guidelines for Battery Park, because some residents at the project objected that it would attract too many people.

A 80-story tower as the frontpiece for their \$10-billion, mixed-use redevelopment of the Jersey City waterfront, complete with a version of New York's tower-ringed Central Park.

In addition to Battery Park City, two other major construction projects in Manhattan were recently completed after years of controversy: John Portman's atrium hotel project on Times Square — the convention hotel New York Marriott Marquis — and I.M. Pei & Partner's Jacob K. Javits Convention Center on the Hudson River in midtown.

Manhattan's Vacancy Rate Edges Up

NEW YORK — At the end of the first quarter of this year, Cushman & Wakefield Inc., a leading real estate company, reported that the vacancy rate for prime midtown buildings in Manhattan was 5.7 percent, compared to 5.4 percent in March 1985.

The report noted that, "while demand for midtown space, fueled by lower rents and better terms, is increasing, several companies also announced plans to relocate all or parts of their operations outside Manhattan" to the suburbs and outer boroughs.

New Housing Starts Heading for Decade Record

(Continued From Previous Page)
Nettleton Company, a mortgage banking concern based in Dallas. The market, however, collapsed in the South and the mountain regions. The national statistics fell 23 percent in 1985 from a record 303,000 units in 1984.

Texas is saying that the condominium is "an inappropriate product in areas where there is a fair amount of land." Weston E. Edwards, senior executive vice president of Lomas & Nettleton, said that in the single-family markets, Washington, which had a record year last year, and northern New Jersey and Philadelphia, which both had their best year last year in about three de-

cadies, are expected to improve. "The hot areas for new development," he said, "are near a suburban downtown or a fast-growing new office corridor" such as Centreville, Virginia, a half-hour away from suburban downtown Tyson's Crossing near Washington. Other strong housing markets are Detroit, Minneapolis and Las Vegas.

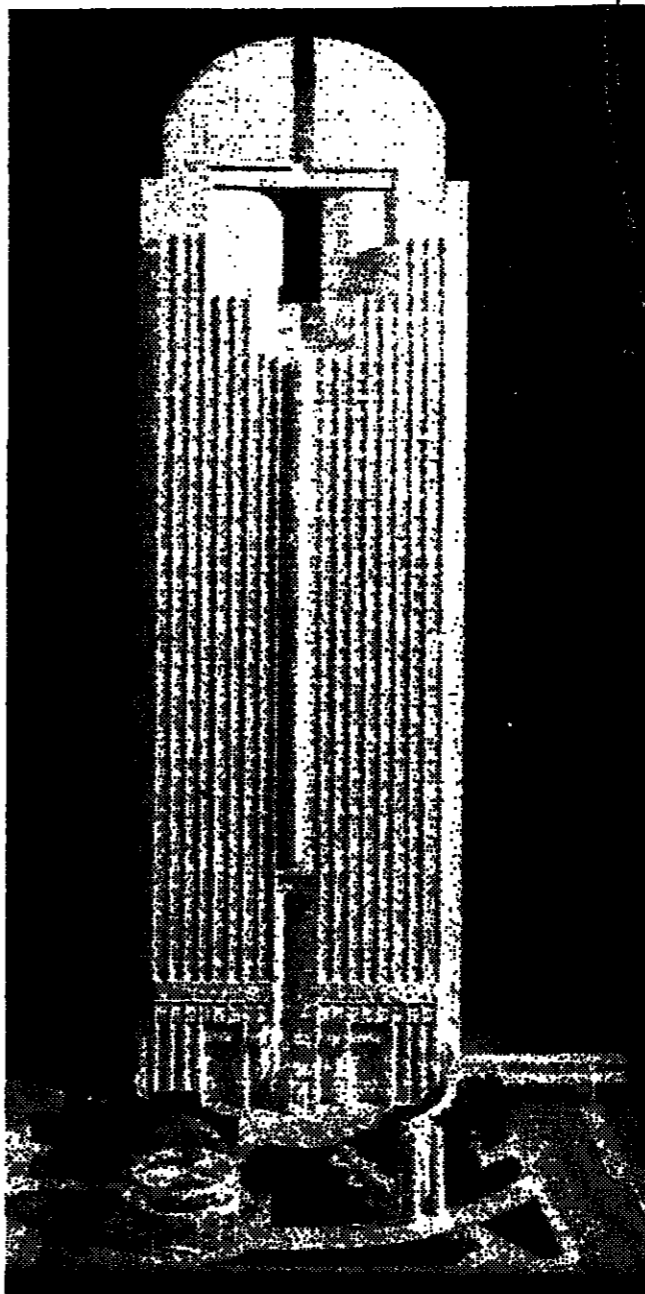
edly more affordable as more customers chose more house rather than lower payments, according to another Lomas & Nettleton study. It found that the market "tilted from heavily starter-oriented to more moveup," reflecting tightened mortgage regulations.

In Manhattan, Prices for Luxury Apartments Drop

NEW YORK — Prices for luxury cooperative and condominium apartments in Manhattan, which have generally climbed more than 1,000 percent since the mid-1970s, have declined several percentage points or more in the last year.

Clark Halstead of the Halstead Property Company, a leading residential sales and brokerage concern, said that while cooperative and condominium prices declined 10.9 percent in the last quarter of 1985, they had begun to stabilize because "there was a lot of pent-up demand and tax reform was receding as a specter over the market."

Pre-World War II buildings had an average price per room of more than \$120,000 compared to an average of almost \$99,000 in newer buildings. The average price in February of both cooperative and condominium apartments in the Halstead survey ranged from \$153,428 for studios to \$611,971 for large two-bedrooms and \$2,353,261 for townhouses.



A new Houston tower by Skidmore, Owings & Merrill.

In Hard-Hit Dallas, Some New Building Is Still Going On

DALLAS — The Texas economy, battered by banking crises, falling oil prices and overbuilding, is reeling. Gerald D. Hines and Kenneth Schmitzer, Houston's titans, have told some of their interests.

Owings & Merrill's two intriguing, monolithic projects for Trammell Crow — the recently completed LTV Tower and the Texas Commerce Tower now in construction. All are in the vicinity of Edward Larrabee Barnes's handsome Dallas Museum. Nearby, a symphony hall is under construction.

Net effective rents, according to Mel Pederson, co-managing partner of the Trammell Crow Co. in Dallas, are off about 50 percent from the peak a few years ago in Houston and by 30 percent to 40 percent in Dallas.

In the meantime, the firm of John Burgee with Philip Johnson, after opening Crescent center last month on the outskirts of downtown, is proceeding with construction of its 60-story Momentum Place tower downtown for the Cadillac Fairview Corp. Momentum Place will open in the fall of 1987 and is already 52 percent preleased. It will feature a cross-waluted crown and uses arches to soften its soaring size.

Nevertheless, there is at least one new office building being launched in Houston, and Mack Pogue of the Lincoln Property Co. in Dallas said that there are still "specific pockets for such in Dallas to be built."

In Dallas and Houston, the downturns are faring much better than the suburbs, but overall vacancy percentage rates are in the high twenties or more. Richard Price, managing partner of the Houston office of Kenneth Leventhal & Co., an accounting and consulting concern, recently remarked that Houston may have bottomed out, and he said that the worst is over. Cushman & Wakefield Inc. has estimated that at the end of 1985, Houston had 37.6 million square feet (3.49 million square meters) of office space available.

It is unlikely, however, that Mr. Pogue's company will proceed immediately with its plan to erect three large office towers next to the Dallas Museum of Art, nor that the Criswell development Co. will quickly add a planned twin tower to its new Aled Plaza tower.

Dallas recently concluded that its new public transportation system is too expensive and it is expected to issue a new plan in several months. In the meantime, it has begun to get some nightlife with the opening of Dallas's, an elegant restaurant, at Lincoln Plaza.

Everything is still up-to-date in Dallas. Its elevators talk and display weather and birthday messages, and many of its towers are bejeweled with lights at night.

A report by Richard Ellis Inc., real estate investment advisers, said that development in Austin "has occurred so rapidly that there will be an oversupply of space for three to five years, depending on whether the high absorption level recently experienced can be maintained. House foreclosures in Houston are up and rents in some mid-range apartments are half of what they were at a peak in 1982."

The facade, roof and lighting of InterFirst Two will soon be redone by Skidmore, Owings & Merrill, but the green piping of lights that outlined its adjacent 70-story tower were recently turned off.

And Cushman & Wakefield reported that, while demand was strong for office space in San Antonio, an increase in supply kept vacancies at about 22 percent downtown and 27 percent in the suburbs.

Chicago: Bigger Remains Better

CHICAGO — In a recent interview, Stanley Tigerman, one of the city's most outspoken and prominent architects, called the city's decision last year not to proceed with a major world's fair in 1992 a "loss of face" and a major setback to the city's international status as a center of design and urban vitality.



A Kohn Pedersen Fox tower in Chicago.

The fair was to have commemorated the 500th anniversary of Columbus's discovery of America and the 1893 Chicago exposition that launched the "city beautiful" movement in the United States.

He said the city would likely "bleed out over 20 years" plans to "redevelop the Navy Pier into a culturally oriented urban bank and added that there was an urgent need to "deal directly with the competitive pressures" of Chicago's suburbs.

His criticism was not the only sour note sounded recently. In a speech to the Civic Federation of Chicago, Thomas Klutznick, a major developer, decried the fact that "Chicago has no strategic plan."

Ed Marciniak, the president of the Institute for Urban Life, has called on the city to demolish some troubled high-rise housing, a proposal that recalls the demolition of the Pruitt-Igoe housing project in St. Louis in 1972, which was a blemish on that city's reputation for several years.

And the city has not lost its ability to think big. A 60-acre (24-hectare) waterfront site in the heart of downtown is being developed, residentially, by the Chicago Dock & Canal Co. and, commercially, by Fishman Speyer Properties.

The project will advance the street's claim to being the most impressive high-rise boulevard in the nation. The New York architectural firm of Kohn Pedersen Fox is involved in this and the Lincoln Properties project.

But Chicago is definitely robust. Roosevelt Vonn, a community leader, has countered Mr. Marciniak's proposal with a suggestion that the housing project not be demolished but "thinned out" to provide more attractive apartments and some manufacturing spaces for use by residents.

Other major downtown projects are a 60-story, regional headquarters being developed by Stein & Co. for the Communications and Information Systems Divisions of the American Telephone & Telegraph Co. in Chicago and the Dearborn Center, a 72-story office tower consisting of 11 stacked atria that is a project of Galbreath-Ruffin Corp. and a subsidiary of the Mobil Land Development Co.

And two of the last major building sites in the core area are now being developed. When completed in 1988, Campeau Corp.'s 68-story, red-granite Scotia Plaza, designed by Webb Zerafa Menkes Housden Partnership of Toronto, will add its slender form to the skyline, while creating an 11-story atrium.

Both have been designed by Skidmore, Owings & Merrill. The Prudential Development Co. has announced a tapered 1,021-foot office tower adjacent to its 41-story Prudential tower.

Canada: Slump in West

(Continued From Previous Page)
and a total of about 90 million in the metropolitan region.

Gardiner Expressway, which separates the waterfront from the rail yards.

The projects have met with some dissent. The plan for the domed stadium, for example, has scant provision for parking because the city's planners want to continue to encourage the use of mass transit.

New, interesting residential properties abound and several major developments have been recently completed or are nearing completion along the downtown waterfront, known as Harbourfront.

David S. Weinberg, vice president of development for Canada of the Cadillac Fairview Corp., suggested in an interview that the various major parcels should not be considered piecemeal, but as a whole. He said the opportunity was ripe for a master plan that might create a major park stretching from the waterfront around the CN Tower to the financial district.

Other developers have expressed concern about the financial viability of the CBC deal and the potential barrier effect of the elevated

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Lincoln Properties, meanwhile, recently received approval to build a three-tower, four-million-square-foot office center next to the Sears Tower. It will include a large "winter garden" to connect the towers with two commuter train stations. JMB Realty Corp. and the Urban Investment & Development Co. have begun construction at 900 North Michigan Avenue of a 879-foot (269-meter) tower that will contain offices, condominiums, a health club, a Four Seasons Hotel, a 250,000-square-foot Bloomingdale's store and 200,000 square feet of additional retail space.

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Development Toughening With Times

(Continued From Previous Page)
ing that he did not know of any ones in trouble.

Almost all developers, however, according to David Thomson of the Oxford Development Co., which is based in Toronto and had been one of the major Canadian companies in the redevelopment of New York City over the last decade, must now align themselves with significant long-term money. "It's a revolution," he recently remarked, "that may lead to a blander landscape."

To survive, many of the traditional, entrepreneurial and speculative developers have become "mercenary builders," creating, managing and leasing a product for fees with little equity and reduced exposure to risk.

Generally, the real estate industry has become much more sophisticated and professional in recent years, with more concerns becoming national affiliates with larger organization and more substantial investors.

Miss Lachman noted that the percentage of commercial projects handled by national developers as opposed to local developers "is definitely on the increase and will continue to grow," although it has remained fairly steady in housing at about 16 percent.

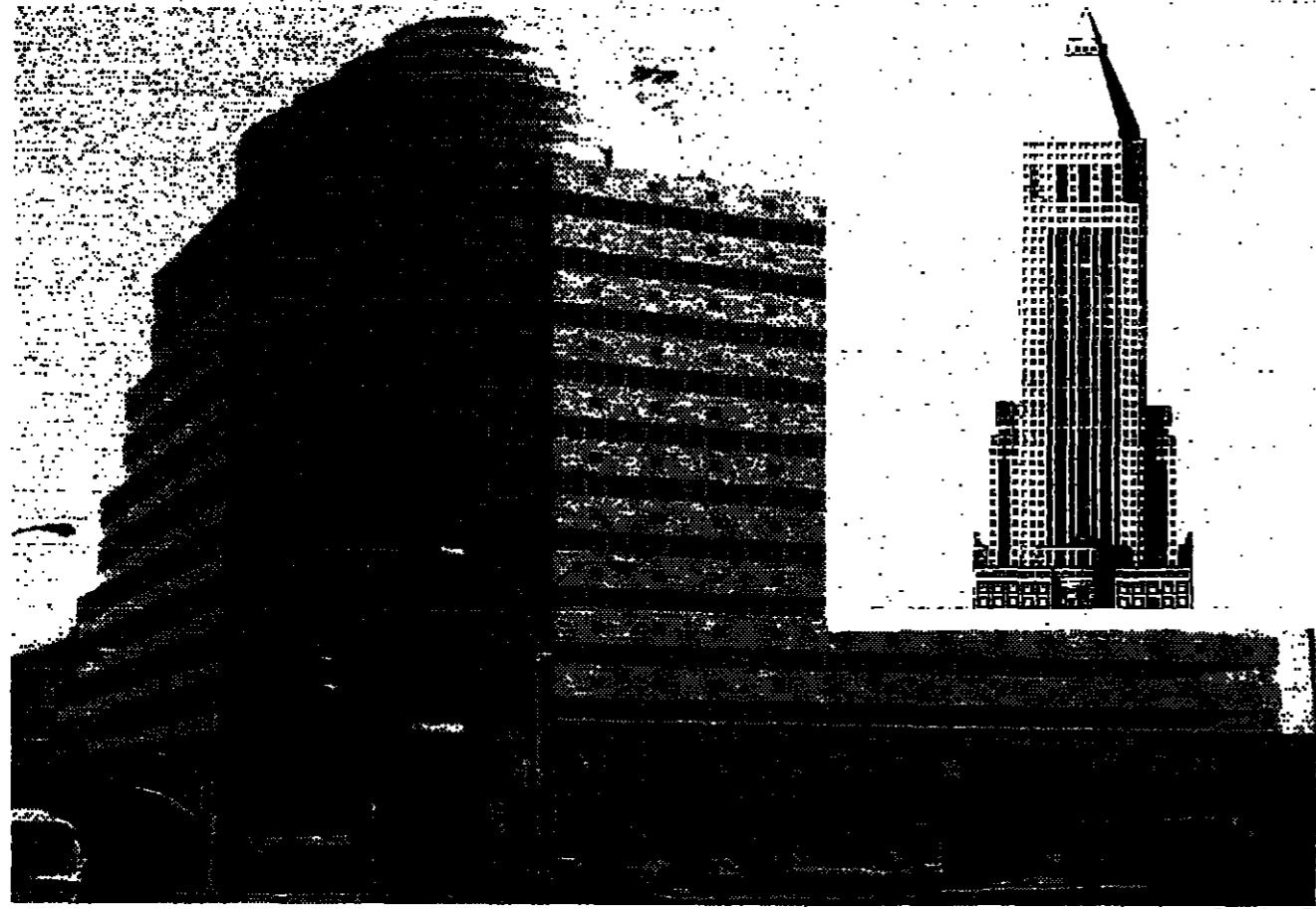
Jerry I. Speyer of Fishman Speyer Properties, a leading developer based in New York, has aligned itself with the Equitable Life Insurance Co. in several major projects. Said his concern would "fall in its horns a little bit this year."

Virtually all markets favor the tenant with significant lease concessions in the form of substantial free rent, tenant installation and liberal escalation clauses. Asking prices for rents in most areas have fallen a little or remained flat for the last few years, before taking inflation into account. In some depressed markets such as Houston, rents are 50 percent of what they were just a few years ago.

The Northeast continues to reassert itself. Philadelphia, for example, is one of the most active new development markets with several significant downtown projects.

And Washington is witnessing a phenomenal redevelopment that stretches from the waterfront in Georgetown to the West End, where three new luxury hotels, the Grand, the Westin and the Park Hyatt, have established a major new center, and to Franklin Square, where Trammell Crow, Gerald D. Hines and the Cadillac Fairview Corp. have focused on the same intersection for major new projects.

A SPECIAL REPORT ON REAL ESTATE



Design: Post-Modernism and Beyond

(Continued From Page 7)
 designed a flamboyant, mixed-use project known as Washington Harbour in Georgetown that is now nearing completion. The architect has described the style of the project as "baroque modern," and it offers a mixture of classical references and Victorian vocabulary in somewhat of a mannered fashion.

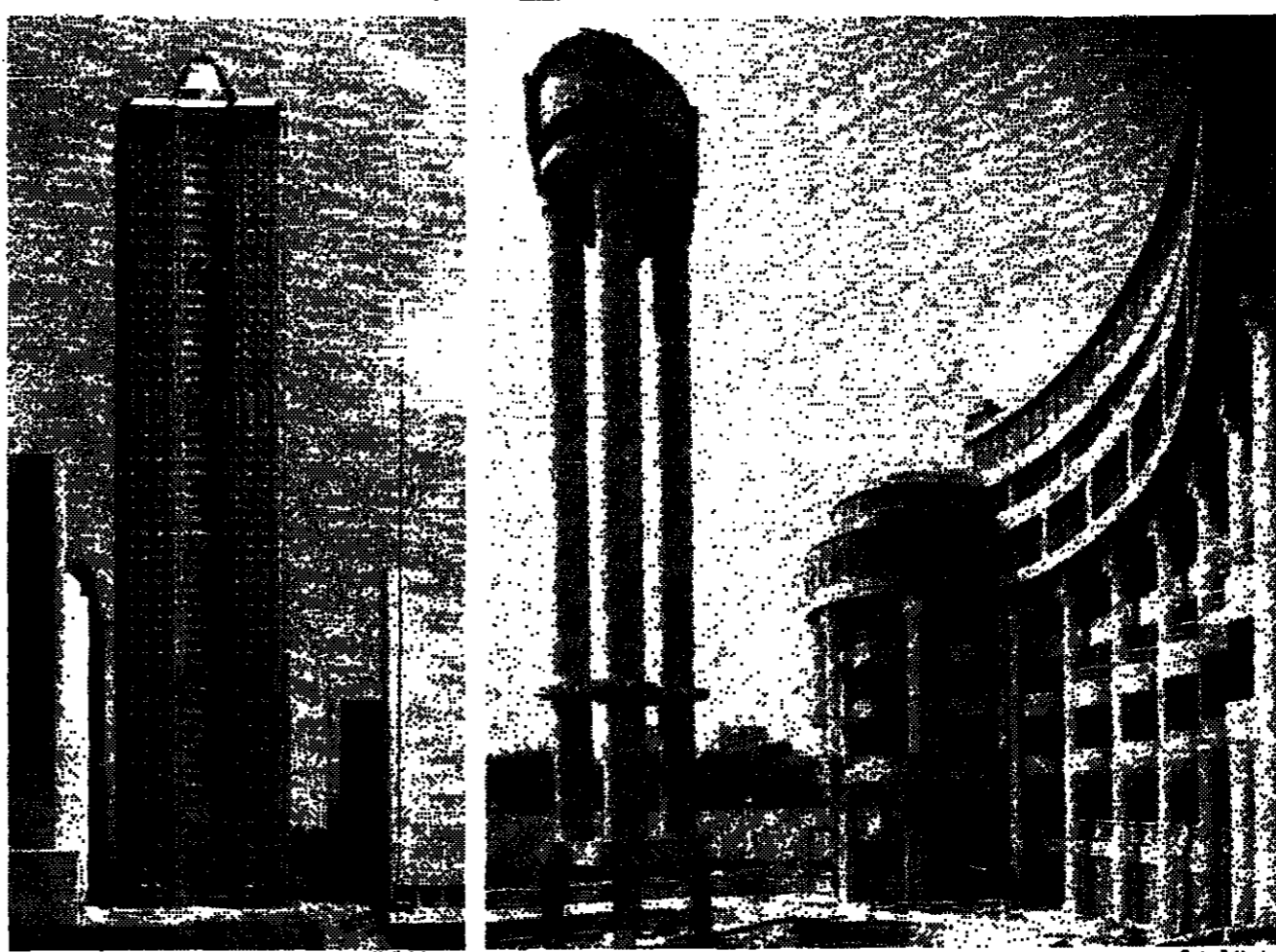
It is a serious attempt to relate both to the formality of Washington and the exuberance of Georgetown, perhaps entitling it to fall into the post-modern camp. Its overall complexity, however, derives more from the flair of Ricardo Bofill, the Spanish architect. It really transcends post-modernism in its great elliptical colonnade that

surrounds a fountain accented by rounded bays capped with domes and a mysterious lighthouse in the center of the fountain. The project is very nautical and non-polish high-tech, a Romantic modern folly.

Washington also provided the major other new high-tech building, the Intelsat headquarters. This was designed by John Andrews, the Australian architect, as a cluster of shiny cylinders and pods in a low-rise structure. It is assertive but not threatening, perhaps because its lowered windows give a sense of openness.



Some of the new luxury condominiums in Miami.



Skidmore, Owing & Merrill's office building at Fortham Plaza in the Bronx, left; inset, the firm's model of a tower project in Manhattan. Above, left, Dearborn Center, a 72-story office tower in Chicago. The Washington Harbour project by Arthur Cotton Moore under construction in Washington, D.C., right.

backs designed for Galbreath-Ruffin and a subsidiary of the Mobil Company, is a significant, modern statement but has yet to go into construction. This is a product of S.O.M.'s Chicago office.

Its Houston office, meanwhile, has designed two major office towers for Trammell Crow in Dallas. They are the recently completed LTV Tower, which may set a new standard in noninstitutional building excellence of materials and finish, and the Texas Commerce Tower now in construction.

LTV is a dark, uncompromising tower of stout proportions with a pyramidal top. What truly distinguishes the building, apart from its high-backed, MacIntosh-style chairs in the shoe-shine section of the lobby, however, is its facade and how it meets the base of the roof-top pyramid with complexity. The treatment, which includes vertical accents of protruding bay windows, suggests a finely tailored, dark metal suit of armor embossed with subtle details.

Similarly, the base of the roof component at the nearby Texas Commerce Tower will be even more intriguing because immediately above it is a "kryhole" opening several stories high.

The Texas Commerce Tower's helmet of a roof will be a rather broad and thick arch above the large slot, at the bottom of which will reside the new quarters of the Petroleum Club. Much of the plaza at the base of the tower will be given over to a labyrinth of tall hedges.

Less intimidating perhaps but as unabashedly modern is the new Centrust Tower nearing completion in Miami by I.M. Pei & Partners. The tower's facade has two bands of reflective glass and white aluminum for each floor to accentuate its verticality. The building's plan is divided into two basic faces by using a broad curve on one side and a blunted right angle on the other. Its massing has three major setbacks on the curved front, which actually consists of bent straight panels of different lengths that give the facade an unusual textured feel.

When illuminated at night by Douglas Leigh, who has been responsible for many of New York City's spectacular urban signs and illuminations, the Centrust Tower, which is undergoing some elevator realignment, is smashing.

In New York, Mr. Pei's controversial, expensive, scaled-back Convention Center has opened along several blocks of the Hudson River, although the river is not visible from it. Because of the decision to locate the center in a very unattractive industrial area rather than at Battery Park City where its scale could be visually appreciated, it is virtually impossible for a pedestrian to see the entire building at one glance.

Its space-frame technology often is not highly visible on the outside during the day and has been largely covered up in the exhibition spaces, as opposed to the public spaces, on the interior. The center's non-exhibition hall interior is spectacular and full of promise for further experimentation in the space-frame genre, provided that the technology proves more reliable than at the Convention Center.

John Burgee with Philip Johnson are continuing to experiment broadly and effectively not only with various architectural styles, but with fenestration treatments, particularly in the firm's plan for the Cadillac Fairview Corporation's Atlanta Center project close to Richard Meier's recently opened

High Museum addition in Atlanta. Kohn Pedersen Fox's portfolio is expanding very rapidly with major new projects, the best of which are on Wilshire Drive in downtown Los Angeles for the Reliance Company and for Ware Travelstead and the First Boston Corporation on the 383 Madison Avenue project in Manhattan.

The Madison Avenue project, which is still in the planning stages, is a major skyscraper conceit, integrating slanting corners within a conventional tower.

Recent major design disappointments were John Portman's fortress-like Marriott Marquis Hotel on Times Square in Manhattan, which was balanced somewhat by the impressive geometry of his new hotel in Atlanta; Arata Isozaki's colorful, but disjointed Museum of Contemporary Art in Los Angeles; John Burgee with Philip Johnson's plan for a bulbous tower for Maguire Thomas Partners in Los Angeles; Edward Larrabee Barnes's blue-green bulky tower for Boston Properties in Manhattan and Kevin Roche's outsize tower at 60 Wall Street for George Klein and the Morgan Guaranty Trust Company.

Florida Expects to Ride Out Hard Times

MIAMI — The Florida real estate picture is stormy. Office vacancy percentages are in the high teens and mid-20s in many markets, and the luxury housing market is very depressed in many areas.

Yet most major players in the development game are confident that the state will ride out the storm, aided by its economic diversification, falling interest rates, falling oil prices and increased domestic travel due to concerns about terrorism in Europe.

And when the clouds have passed, they argue, Tampa's great airport will impress, Orlando will become America's Brasilia in the middle of nowhere and Miami's glamour will not just be on television screens. Inarguably, in Miami, the momentum is there in the form of new, compelling physical environments that promise more glimpses of the future than almost anywhere else in the country, with the exception of Dallas, Houston and parts of Los Angeles.

While Disney World's ever-growing empire is a clear and present anchor for Orlando, Miami's dazzling new skyline may well prove an irresistible attraction for more sophisticated travelers. Changing illuminations at night of the new Centrust Tower, designed

by I.M. Pei & Partners, are perhaps the country's most spectacular light show aside from the recent laser show from the tops of skyscrapers in Houston celebrating that city's sesquicentennial.

The panoramic curved front of the Centrust Tower with its two bands of windows per floor is a great counterpoint to the nearby, taller Southeast Financial Center tower designed by Skidmore, Owing & Merrill for Gerald D. Hines Interests.

Moving south of the downtown core, the new buildings of Brickell Avenue are lessing slowly. According to Alan DeOlazarro, of the Miami office of Cushman & Wakefield Inc., this is partly because the retail infrastructure is still missing. If the design quality is not distinguished overall, it nonetheless has vigor and visual interest. This is especially true of the plan of Skidmore, Owing & Merrill for Brickell Square, a venture of Tishman Speyer Properties and the Equitable Real Estate Group. It will tie together three white office towers, of which one has already been erected, with a large trellis penetrated by a forest of palm trees.

Brickell Avenue's bright, shiny office towers create a grand approach to the spectacular, though far from fully occupied, residential

towers anchored by the bold colors and geometric forms of three modern landmarks designed by Arquitectonica, a young Miami-based architecture firm, that include the Villa Regina, whose facade has been painted by Agam, the illusionistic artist.

In addition to the Art Deco glories of Miami Beach, Mr. DeOlazarro noted that Miami's other leading asset is its growing port and that the city was considering a major expansion of its already large cruise ship facilities.

According to Cushman & Wakefield Inc., a real estate concern in New York, Tampa's vacancy rate in 1985 was 22 percent downtown and 29 percent in its suburbs. Orlando's downtown rate was 16 percent and its suburban rate 23 percent. The company estimated that Miami's downtown vacancy rate was 25 percent and its suburban vacancy rate was 18 percent.

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Discounting the Impact Of Tax Reform Package

WASHINGTON — Many experts believe that much of the uncertainty about the impact of President Ronald Reagan's tax reform proposals has already been largely discounted by the real estate industry.

The hectic, high-fee days of tax shelter syndications peaked with the prospect of severe scrutiny by the Internal Revenue Service. While some of the syndications have been experiencing difficulty, many of the large ones, whose portfolios mushroomed in just a few years into some of the largest in the United States, have begun to diversify and to concentrate on investment value rather than tax shelter.

It is clear, however, that a new era has begun in real estate financing and securitization with the growing use of sophisticated methods and the re-emergence of others, such as real estate investment trusts and foreign investors, especially the Japanese. Rockefeller Center, Olympia & York, Trammell Crow, Fisher Brothers and Lincoln Properties, the Taubman Co., have all made major public offerings with varying success.

Wakefield Inc. noted that the mortgage-backed security market has "provided access to and diversification in new capital sources, provided funding for large and multifaceted projects, and, once it can be more efficiently executed, should provide interest savings, continued access by different users to the Euro-markets and diminishing loan collateral requirements."

Most portfolios are being restructured, it said, adding that "opportunistic investors will look to the underpriced shopping center, apartment and industrial property markets that may have seen slight overbuilding but are essentially growing demographically and economically."

Peter Moister, a managing director of Morgan Stanley, an investment banking concern, sounded a cautionary note about Wall Street's rush to commercial real estate financing and the hope to make real estate more accessible, tradable and liquid for a greater public. The nature of real estate, he observed, is more methodical, slower and more complex than most corporate financing and will require more continuing service than merely flipping deals.

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On the Mississippi River.
 Madison Parish, Louisiana, southwest of Vidouville, is the site for Harper Bayou Plantation. The diversified farm has 2,025 acres of fertile cropland, 310 acres of improvements including airstrip and 850 acres of bottomland for hunting and fishing. With 3 miles of waterfront, this land could be developed for variety of uses. Brochure IFT-816320. \$3,700,000.

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Statistics Index table with columns for various market indicators like S&P 500, NYSE, etc.

THURSDAY, MAY 8, 1986

WALL STREET WATCH

Investors Are Urged to Fish For Oil-Service Stocks

By VARTANIG G. VARTAN

NEW YORK — "Bottom fishing" or angling for stocks that show prolonged price declines, is a popular sport on Wall Street.

Many professionals say it's too early to buy oil-related shares.

While the Shearson analysts regard Schlumberger's dividend as apparently "very secure" — the stock yields about 4 percent — they also stress that dividend payments for both Halliburton and Baker "are likely to be well in excess of earnings over the next year or two."

AT PRESENT market prices, Halliburton yields about 8 percent and Baker yields about 6.5 percent, NL Industries, which slashed its dividend several years ago, yields about 1.5 percent.

Prices of most oil-service stocks topped out in late 1980. Since then the companies have suffered from plummeting prices for crude oil and natural gas.

In the first quarter, stock prices of companies providing oil-field equipment and services fell 13.1 percent, according to the Standard & Poor's Corp.

How receptive have institutional investors been to the suggestion of bottom fishing in oil-service stocks?

But many professionals do not seem to be listening. David Dreman, managing director of Dreman & Embury Inc., an investment counseling concern in New York, is a self-styled contrarian who likes to buy stocks with low price-earnings ratios and reasonably high yields.

James D. Crandell, who follows both oil-service and drilling companies for Salomon Brothers, anticipates "a severe shakeout for the industry this year and in 1987."

Currency Rates

Currency Rates table with columns for various currencies like DM, SF, P, etc.

Other Dollar Values table with columns for various financial metrics like Currency per U.S. dollar, etc.

Interest Rates

Eurocurrency Deposits table with columns for various deposit terms and rates.

Key Money Rates table with columns for various money market rates.

U.S. Money Market Funds table with columns for various fund names and rates.

Gold

Gold table with columns for various gold market metrics like Gold price, etc.

Markets Closed

Financial markets will be closed Thursday in Austria, Denmark, France, Indonesia, Luxembourg, the Netherlands, Norway, South Africa, Switzerland and West Germany for holidays.

New Offer Expected For Bates

Interpublic Said To Make Bid

By Bob Hagerty

LONDON — Interpublic Group of Cos. apparently is seeking to buy Ted Bates Worldwide Inc. in a move that would thwart Saatchi & Saatchi Co.'s effort to acquire Bates, industry sources said Wednesday.

Privately owned Bates is the third-largest advertising company in the United States.

Both London-based Saatchi and New York-based Interpublic, which owns McCann-Erickson and several smaller ad agencies, are among the biggest ad companies in the world.

Saatchi has made clear that it aims to be the largest, an ambition that probably would be fulfilled by an acquisition of Bates.

Saatchi confirmed earlier this week that it was holding talks aimed at acquiring Bates. A source close to Saatchi said Wednesday that the negotiations were "clearly at an advanced stage" and that Saatchi was likely to decide soon whether to proceed.

The source said the acquisition would cost around \$500 million. He questioned whether Interpublic could afford such a large purchase and suggested that the company might be seeking only to thwart Saatchi's offer or to make it more expensive.

An Interpublic spokesman refused to comment. For 1985, Interpublic reported net income of \$36.6 million and revenue of \$691.5 million. Saatchi has forecast that its pretax profit will total at least \$67.9 million (\$105 million) in the year ending Sept. 30.

Bates has been trying to find a buyer for itself for at least a year. The chairman, Robert Jacoby, owns a large share of the company and has been reported to be eager to sell his stake before retiring.

Previous talks between Saatchi and Bates over the past year have failed to produce an agreement. Aside from advertising, Saatchi is expanding its business in management consultancy, market research, sales promotion, public relations and other service areas.



A worker at the SEAT factory in Pamplona, Spain.

Spain Strengthens Its Auto Industry

Sale of SEAT Helps Prepare Sector for EC Competition

By Steven J. Dryden

MADRID — Juan José Diaz Ruiz, the director of export sales for the Spanish automaker SEAT, recalls that when Ford Motor Co. began manufacturing in his country, people said of Spanish workers, "Sure, these guys can fight bulls, but can they make cars?"

That was a decade ago, and since then the record of Spain's car industry has dispelled any doubts about its potential. Along with Ford and General Motors Corp., all of the top European volume car makers are now manufacturing in Spain. Spanish auto exports last year totaled 787,000, the third highest level in Europe.

"Spain is the best place in Europe to make cars if you organize production properly," said John Lawson, a car industry analyst for DRJ Europe Ltd. "The wage costs are favorable and the work force has shown itself to be a little easier to manage than in some of the more developed countries."

But Spain's entry into the Euro-

Spain Goes 'European'

A Laggard Economy Learns to Compete

Spain will undergo wrenching changes as a new member of the European Community, including an end to tariff barriers and a paternalistic labor system. This is the second in a series of occasional articles examining that adjustment.

Spain reserved its highest tariff protection — 36 percent — for the auto sector, while EC countries apply tariffs close to 4 percent.

The problems created by increased imports could be compounded by the sluggish domestic market. Industry analysts believe that the market has a potential for

the European Free Trade Association — Sweden, Norway, Finland, Iceland, Switzerland and Austria.

In the past, Spain has virtually banned Japanese direct imports, a barrier that may not be permitted by the EC. EFTA cars can be sold tariff-free in EC nations if their content is 60 percent from EFTA members.

To meet this new competition, the Spanish government has already taken steps to strengthen the car industry. In the past six months, a financial aid package was negotiated with several French car makers to modernize their Spanish operations and trim work forces.

The government also sold SEAT, which has been consistently posting losses recently, to Volkswagen AG in the hope the West German giant could make it profitable again.

Philips was making 20 to 25 percent of the world's compact discs, according to Mr. Spinoza Capella. The Polygram records subsidiary

Philips Reports 45% Fall in Net In First Quarter

Reuters

AMSTERDAM — Philips NV, Europe's biggest electronics concern, said Wednesday that net profit fell 45 percent to 144 million guilders (\$37.6 million) in the first quarter of 1986 from the year-earlier period.

The Dutch-based company said sales fell 8 percent to 13.06 billion guilders in the latest quarter. On a per-share basis, first-quarter net totaled 0.63 guilders, compared with 1.22 guilders a year earlier.

In the first quarter of 1985, net totaled 260 million guilders and sales amounted to 14.24 billion guilders.

Philips said it got off to a sluggish start this year because of the weakness of the dollar and a slowdown in the recovery of the U.S. economy.

Bob Spinoza Capella, a member of the Philips board, said at a news conference that profits should still improve this year.

"We are not surprised first-quarter profits were down, but it is a bit worse than we'd expected," he said.

Philips said the combined effect of changes in exchange rates and prices accounted for 13 percent of the drop in first-quarter group sales in guilders terms.

In volume terms however, volume grew by 5 percent, largely because of improvements in consumer electronics, Mr. Spinoza Capella said.

A buoyant market for compact-disc records and players and video recorders, especially in Europe, made this the only sector to see improved earnings, with sales up 19 percent.

of Philips was still the big profit earner, but Mr. Spinoza Capella said the rest of the consumer-electronics sector should achieve a positive result in 1986 after last year's operating loss of 220 million guilders.

The company's components sector remained flat after operating profit dropped to 44 million guilders last year from 1.21 billion in 1984.

The main factor was a delay in the anticipated recovery in the U.S. market for computer chips, despite clear improvements in orders.

In Europe a recovery in the semiconductor market had not yet begun, he added.

Mr. Spinoza Capella maintained that the U.S. subsidiary, Signetics, which has been posting losses, should break even in the coming months and show a profit by the end of the year.

He said the current strong yen was only moderately favorable to Philips, since the disadvantage the Japanese faced in marketing their products in the United States was leading to a more aggressive approach in Europe.

Volcker Favors New Powers for Bank Regulators

Reuters

WASHINGTON — Paul A. Volcker, the chairman of the Federal Reserve, urged Congress on Wednesday to pass emergency legislation that would give federal banking regulators more powers to deal with failing U.S. farm and energy banks.

Mr. Volcker told the House subcommittee on financial institutions supervision that the legislation was needed because of pressures on banks in parts of the country that "face unusually severe economic conditions" because of turmoil in energy and agricultural markets.

The Fed chief said legislation proposed by the three banking regulatory agencies — the Fed, the Federal Deposit Insurance Corp. and the Comptroller of the Currency — would provide further assurance that actual and potential problems were dealt with expeditiously.

He added that it was hoped that the measures would prevent "a potentially contagious and debilitating loss of confidence within a state."

The proposed legislation would expand emergency acquisition powers to permit purchases of failing and failed banks with assets of \$250 million or more.

It would also allow interstate acquisition of troubled multi-bank holding companies, or some or all of the banks within such holding companies, Mr. Volcker said. But he added that he hoped the legislation would never have to be used.

Majority in Congress Warn Reagan on Textiles

The Associated Press

WASHINGTON — A majority of lawmakers from both houses of Congress have reminded President Ronald Reagan that they can override his veto last year of legislation to curb textile and apparel imports, and urged him to help the import-battered textile industry.

In a letter on Tuesday, 302 representatives and 70 senators urged the president to implement existing textile trade agreements aggressively while his trade negotiators seek a stronger pact to curb the surge in imports.

The legislators said Mr. Reagan's actions on imports will provide "the context" within which Congress will consider on Aug. 6 whether to override the veto of the legislation. The legislation was sponsored by Representative Edgar L. Jenkins, a Democrat of Georgia, and Senator Strom Thurmond, a Republican of South Carolina.

Negotiations on a new Multi-Fiber Arrangement, the international agreement that covers textile and apparel trade, are scheduled to be completed July 31.

Mr. Reagan promised in his veto message that he would aggressively renegotiate the arrangement to help the textile industry.

Threat to Global Talks Stuart Auerbach of The Washington Post reported from Washington: "A tough U.S. stand in textile talks is casting a shadow over President Reagan's efforts to start a new round of global trade negotiations, which he says will greatly expand trade opportunities for the world."

'If Reagan pushes too hard on textiles, he risks losing the new global trade talks.'

— an Asian diplomat

global talks, which are scheduled to start in September with a meeting of trade ministers at Punta del Este, Uruguay.

Mr. Reagan wants to extend trading rules to new areas such as services and high technology, and to strengthen the 93-nation compact that regulates world trade, the General Agreement on Tariffs and Trade, to make it more effective in settling trade disputes.

Many nations that support the Reagan call for new talks, including the newly industrialized countries of Southeast Asia, regard the textile talks as a test of whether the United States, Japan and Western Europe are committed to free trade.

And countries such as Brazil and India, which are leading Third World opposition to the new talks because of concerns that they will give developed nations a trade advantage in such emerging sectors as high technology and services, also link a more liberal textile arrangement with the global trade talks. U.S. officials see this as a negoti-

ating ploy, and expect many countries now opposing the global talks to jump on board when it is time to set the agenda for the new round.

With both sets of trade talks heading for July deadlines, it appears unlikely that one will be signed before the other.

Charles R. Carlisle, the U.S. textile negotiator, has proposed three general objectives for the new MFA: the control of unexpected "export surges," the addition to MFA coverage of fibers such as ramie and silk, which are being shipped as blends to get around quotas; and action by textile suppliers to open their markets to U.S. products, especially fabrics that are considered competitive.

Textile imports to the United States last year were almost three times as high as in 1980, rising from \$3.65 billion to \$15.1 billion. Between September and February, imports jumped 28 percent, which was more than the total increase for 1981.

"The end of the current MFA

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BUSINESS ROUNDUP

Trafalgar House Agrees To Takeover of Brown

LONDON — Trafalgar House L.C., the big British shipping, property and construction concern, said Wednesday that it had agreed to acquire the remaining 70.1 percent of John Brown P.L.C. that it does not already own in a share exchange valued at about £80 million (about \$122 million).

John Brown, a 150-year-old company that built an international reputation for shipbuilding, said it had agreed to the takeover and would recommend the bid to its shareholders.

Separately, Trafalgar reported that its pretax profit in the first half ended March 31 rose 27 percent, to £72.7 million from £57.4 million. The company said operating profit in the period rose 19 percent from a year earlier, despite a 50-percent plunge in profits at its oil-and-gas unit and flat earnings at its engineering and construction unit.

John Brown, whose roster of trans-Atlantic liners includes the Queen Mary and both Queen Elizabeths, has not built a ship since the late 1960s. In recent years it has concentrated on its engineering, construction and plastic machinery businesses.

Trafalgar House said it would make its offer on the basis of one new ordinary share for every 10 in Brown. It would also offer one new ordinary share for every 10 A ordinary shares in Brown.

The offer values each Brown

Mannesmann Says Parent Net Profit Rose 41% in Year

DUSSELDORF — Mannesmann AG, the diversified pipe and plant-making group, said Wednesday that parent company net profit rose in 1985 by 41 percent to 180 million Deutsche marks (\$81.8 million). It said it will raise its dividend to 6 DM per nominal 50-mark share from 4 DM.

A spokesman declined to give details of world group net profit before the company's annual news conference later this month, but Mannesmann has already said that profit rose faster than revenue, which increased 15 percent to 18.2 billion DM last year.

Busch May Buy Hong Kong Unit Of San Miguel

HONG KONG — San Miguel Corp. is negotiating to sell a controlling stake in its Hong Kong unit, San Miguel Brewery Ltd., to Anheuser-Busch Cos. of the United States, Busch Brewery said Wednesday.

It said the sale is being negotiated by its majority shareholder, Neptunia Corp. of Hong Kong.

Neptunia, whose parent company is San Miguel Corp. of the Philippines, holds 70 percent of San Miguel Brewery's 84.9 million shares.

Eighteen percent of San Miguel Brewery's shares are traded publicly and the rest are held by nominee companies and individuals. San Miguel Brewery has appointed East Asia Warburg Ltd. as financial adviser.

Brokers estimated that St. Louis-based Busch, a major U.S. brewer, may offer about 16 Hong Kong dollars (\$2.05) for each of San Miguel's shares. Trading in San Miguel Brewery's shares on the Hong Kong Stock Exchange was halted on April 15 and they last traded at 10.70 dollars. The company said trading will remain suspended until further notice.

Norfolk Southern Asked To Increase Conrail Bid

WASHINGTON — U.S. Transportation Secretary Elizabeth Dole, facing a dead end for her Conrail sale proposal in Congress, has asked Norfolk Southern Corp. to increase its bid for the government-owned rail carrier to \$1.9 billion.

Mrs. Dole said Tuesday that she would urge Norfolk Southern to raise its current \$1.2-billion offer after Representative John Dingell, a Michigan Democrat who is chairman of the House committee overseeing Conrail, announced his opposition to a Conrail-Norfolk Southern merger.

Mr. Dingell's opposition appears to doom the administration proposal because, as chairman of the House Energy and Commerce Committee, he can block consideration of any Conrail sale proposal in the Democrat-controlled House.

Mrs. Dole indicated that the higher price for Conrail could be partly financed out of the \$360 million in excess money now in the pension fund for Conrail workers.

Mrs. Dole also proposed that any anti-competitive concerns raised by the sale to Norfolk Southern, a major eastern railroad and Conrail competitor, be submitted

BMW Names 2 to Managing Board

MUNICH — Bayerische Motoren Werke AG said it made two sales appointments to the managing board, following the departure of its former sales director and deputy board member, Eberhard von Körber, March 31.

The BMW chairman, Eberhard von Kuenheim, has been temporarily in charge of sales and marketing since Mr. von Körber left the company.

BMW said Günter Kramer, chairman of BMW of North America Inc., had become a full board member and will be responsible for foreign sales and marketing. Robert Böhle, former chairman of BMW's American subsidiary, was named a deputy board member in charge of domestic sales and marketing.

BMW said Mr. Kramer would retain his position at BMW of North America along with his new responsibilities. Mr. Böhle, who was head of the office within the parent company that was in charge of relations with subsidiaries and associate companies.

The appointments mean an expansion of the BMW managing board by one member. Industry sources had said earlier that Mr. von Körber's departure from the company was linked to disappointment over BMW sales figures.

The Asian Development Bank re-elected its president, Masao Fujio, of Japan, to a second five-year term starting in November. The Japanese finance minister, Noboru Takeshita, was elected chairman, replacing the Sri Lankan finance minister, Ronnie de Mel, in the one-year post.

Morgan Stanley Group Inc. said it appointed Lord Richardson of Duntisbourne chairman of Morgan Stanley International Inc. The company said Lord Richardson, the former governor of the Bank of England, has served on Morgan

Stanley's Advisory Board Since 1984

Stanley's advisory board since 1984. United Artists Corp. said it named Lee Rich chairman and chief executive. Mr. Rich is leaving his post of president of Lorimar-Telepictures Corp. to assume the position, United Artists said.

Electronic Data Systems Corp., a subsidiary of General Motors Corp., said Lester M. Albertal Jr., senior vice president in charge of EDS's North American business operations, was named president. He succeeds Maroon H. Meyerson, who was named vice chairman. J. Davis Hamlin, vice president in charge of finance and administration, was named chief financial officer, succeeding J. Thomas Walter Jr., who was named senior vice president.

Deutsche Anlagen-Leasing GmbH, the troubled West German leasing firm, said its supervisory board had appointed Horst Plaschna to the company's executive directorate as chairman. Mr. Plaschna was formerly a member of the management board of Royal Bank of Canada, AG in Frankfurt.

An executive directorate without chairman was set up at DAL last November, after the former chairman, Andreas Stephan, resigned.

Power Financial Corp. said Paul Desmarais resigned as chairman and his son, Paul Desmarais Jr., 31, a vice president, has taken over the president's position from James Burns, the new chairman. The elder

Times Mirror Co. named David Lavenhol, chairman of its Newsday subsidiary, as president, and elevated two executives to vice chairmen of the media-holding company. The changes take effect next Jan. 1. Robert F. Erburu, who is relinquishing the post of president, will remain chairman and chief executive. Mr. Erburu became chairman in January, marking the first time in recent years that all three top positions had been held by a single executive.

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Messano Co. said Monday that Earle H. Harrison Jr., who has been with the worldwide chemical company since 1967, has been elected president and chief operating officer. Mr. Harrison, 57, succeeds Francis J. Fitzgerald, who died recently.

Telex Corp. said George L. Bragg has been named president and chief operating officer, succeeding S.J. Jattara, who remains chairman and chief executive. Mr. Bragg had been president and chief executive of Telex Corp.'s Telex Computer Products Inc. subsidiary.

(Reuters, UPI, AP)

COMPANY NOTES

Bank of America has opened a representative office in Guangzhou. It is already represented in Beijing and Shanghai. Stephen Hunt, a Bank of America senior vice-president, said the bank plans to promote trade between China and the United States.

Canadian Pacific Ltd.'s net profit fell 85 percent to 8.4 million Canadian dollars (\$6.09 million) in the first quarter ending March 30, from 57.5 million a year earlier. But it said it expects earnings to improve during the rest of the year.

Chertron Corp.'s chairman, George Keller, said he has no plans to remove the oil company's business from Angola. The Conservative Caucus Inc., which owns 30 Chertron shares, had charged that revenues from oil exploration and production benefit the communist-backed Angolan government and asked Chertron to cease operations there.

Compact Video Inc. of Burbank, California, intends to make an exchange offer for at least 80 percent of Four Star International Inc. at a ratio of 1.1 Compact common shares for each Four Star common share. It also said negotiations with Revlon Group Inc., formerly Panty Pride Inc., on Compact's proposed acquisition of Adams Drug Co. from Revlon have been "temporarily delayed." It gave no reason.

Esso-Rep, a French drilling subsidiary of Exxon Corp., will reduce its 460 staff by 100 in coming months. The company, which has 20 wells in France,

expects to show a deficit this year because of lower margins from reduced crude-oil rates.

Imasco Ltd. has acquired 90.7-percent of Genstar Corp. under an offer to purchase all Genstar common shares. Montreal-based Imasco, a drugstore, tobacco and restaurant company, paid for almost 33.5 million Genstar shares tendered. Under its bid of \$41.76 a share, the total cost to date was about \$1.4 billion.

RJR Nabisco Inc. will establish a new unit July 1 to be called RJR Nabisco China, based in Hong Kong. The unit will oversee expansion of tobacco, foods and quick-service restaurant operations in China. RJR Nabisco International has approval to introduce cigarettes for sale in China later this year.

Olivetti SpA of Italy has submitted its planned takeover of the West German office-equipment company, Triumph-Adler AG, to the West German cartel office for approval. Olivetti plans to take over Volkswagen AG's 98.4-percent holding in TA under an agreement whereby VW will buy an initial 5-percent stake in the Italian business-machine company.

Ujjoia Co. has filed suit in federal court alleging a chemical compound marketed by Rishon Corp. as a possible cure for baldness infringes upon its patent for a drug to treat high blood pressure. Ujjoia, based in Kalamazoo, Michigan, has asked a federal judge to issue an injunction against the New York company to prevent the sale of the compound.

Net More Than Doubled Last Year, Alitalia Says

ROME — Alitalia, Italy's national airline, said its net profit more than doubled in 1985 to 48 billion lire (\$31.8 million) from 21 billion in 1984.

It said Tuesday that the results were the best since the airline was founded 40 years ago.

The Daily Source for International Investors.

INTERNATIONAL POSITIONS

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INTERNATIONAL POSITIONS

International Livestock Centre for Africa FINANCE OFFICER

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ILCA is offering a challenging opportunity to a Finance Officer with a proven record and experience of international or multi-national operations, including responsibility for budget planning, control, cash-flow management, consolidation and reporting procedure. Experience in EDP will be an advantage.

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The appointment will be on an initial two year contract, annually renewable thereafter. The salary (in US dollars) is at international rates, tax free, together with fringe benefits.

Applications, which will be treated with absolute confidence, should be sent to the Personnel Officer, ILCA

P.O. Box 5689, Addis Ababa, Ethiopia, not later than May 31, 1986.

INTERNATIONAL POSITIONS

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SPAIN: Madrid Acts to Strengthen Auto Industry in Face of EC Competition

(Continued from first finance page) sales of one million units a year. But the closest sales ever came to that figure was 670,000 in 1977. Last year, domestic sales were under 450,000. The rest of the cars made in Spain — 64 percent of the output — were exported.

Exports are not considered to be endangered by the prospect of a squeeze on the domestic market. But other companies that depend on domestic sales have asked for government help. As part of a major restructuring program, the government agreed in December to provide loans and grants totaling 8 billion pesetas (\$58 million) to the three French companies making cars in Spain, Renault, Peugeot-Talbot and Citroen.

The biggest restructuring move, however, came with the sale earlier this year of the government-owned SEAT to Volkswagen that left the entire Spanish car industry under foreign ownership. Juan Jose Diaz Alvarez, the president of SEAT, said the sale brought the company out of a "dark tunnel." Since the late 1970s, SEAT has suffered annual losses as high as 36 billion pesetas, and the investment needed to revitalize the company was considered far beyond the government's resources.

U.K. Says Price of Oil Above Production Cost

LONDON — The price of oil is well above the average cost of production in the United Kingdom and on the U.K. Continental shelf, according to the British energy minister, Peter Walker. He gave no figures. In a written parliamentary reply, Mr. Walker said Tuesday that Britain's stable political and fiscal regime continues to attract oil industry exploration and development.

STOCKS: Oil-Service Shares

(Continued from first finance page) divided cuts and even some bankruptcies. He sees Schlumberger, the global giant that traditionally has been Wall Street's favorite in its industry, as the company "most likely" to maintain its dividend in this period. At this time he maintains the equivalent of a "hold" rating on Schlumberger and other leading oil-service issues.

Alfa, Nissan to Produce 4-Wheel-Drive Vehicle

MILAN — The Italian state-owned car maker, Alfa Romeo SpA, said Wednesday that it is planning jointly to design and produce a four-wheel-drive vehicle for military and civilian use with Japanese automaker Nissan Motor Co. The car, to be powered by a four-cylinder Alfa Romeo engine, will be assembled at Pratola Serra in Southern Italy where Nissan and Alfa already jointly make a car.

CURRENCY MARKETS Dollar Drifts Lower in Quiet Trading

LONDON — The dollar closed moderately lower in slow European trading Wednesday, but later fell below a key chart point against the Deutsche mark in after-market trading in London. Dealers said the dollar continued to be undermined by the Reagan administration's persistent refusal to give a clear signal that it would play an active role to prevent the currency from falling further.

Table with 3 columns: Currency, Wed., Thu. Includes Deutsche mark, Pound sterling, Japanese yen, Swiss franc, French franc.

strengthening in the absence of coordinated assistance to the Bank of Japan to stop its rise. But Masakazu Miyamoto, chief currency dealer for Japan's Sanwa Bank, said he does not share many analysts' views of further dollar softness. He said the Bank of Japan and the West German Bundesbank would smooth out declines even without the active support of the U.S. Federal Reserve Board.

THE EUROMARKETS Secondary Sector Quiet but FRN Emerges

LONDON — The secondary sector of the Eurobond market was generally quiet Wednesday, with most professionals still unwilling to open fresh positions while the U.S. Treasury auctions are continuing, dealers said. An afternoon fall in prices in New York may help spark Japanese demand at the 10-year note and 30-year bond auctions, dealers said, but most were reluctant to predict how well the auctions would go.

London Dollar Rates

In after-market trading that is largely led by U.S. dealers, however, the dollar swiftly fell through the key support level of 2.1920 DM, to 2.1858. At mid-session in New York, the U.S. currency was being quoted at that level. The dollar also fell in London to 165.10 yen from 166.35 there on Tuesday, but eased further toward its record low of 164.90 yen in early U.S. trading. Dealers said the yen will almost inevitably continue



Company Results

Table with 3 columns: Company Name, 1985, 1984. Includes Trifoliar House, Canadian Pacific, Moore, Philips Gloeilamp, S.A. Breweries, Emerson Electric, Reliance Group Hlds.

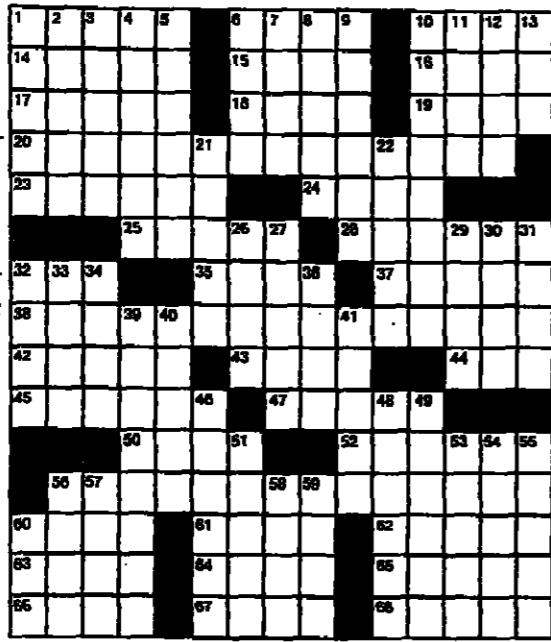
Company Results (Continued)

Table with 3 columns: Company Name, 1985, 1984. Includes United States Amer. General, Amer. Standard, Continental Corp., Emerson Electric, Reliance Group Hlds.

Company Results (Continued)

Table with 3 columns: Company Name, 1985, 1984. Includes Reliance Group Hlds, Emerson Electric, Philips Gloeilamp, S.A. Breweries, Moore, Canadian Pacific, Trifoliar House.

Large financial table with multiple columns: High, Low, 3 P.M., Chg., Yld., Div. Yld., High, Low, 3 P.M., Chg., Yld., Div. Yld. Includes various stock listings and market data.



ACROSS

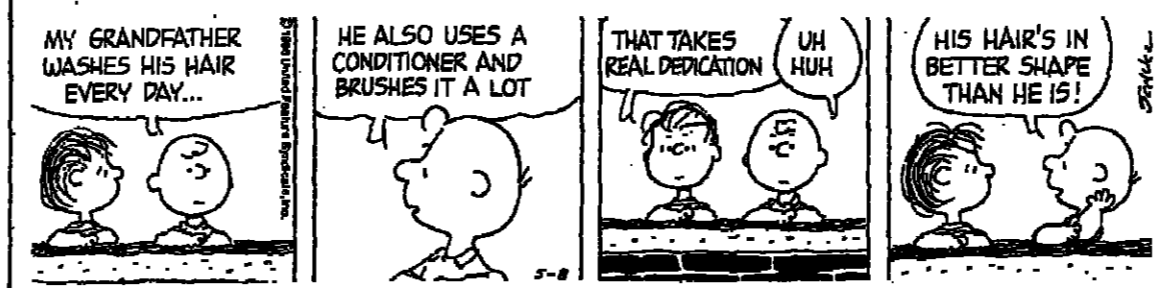
1 Refuffs
6 At the peak
10 Labyrinth
14 Spartan slave
15 Guitar accessory
16 Famed compiler of almanacs: 1708-64
17 Knoll: Sp.
18 Tara's partner
19 Riga native
20 Helen Hayes-Vincent Price vehicle
23 Store fodder
24 Unassigned, for short
25 Silent butler's contents
28 Hauled
32 Muscle-energy source: Abbv.
35 Border upon 37 La. region
38 Matthew Josephson book
42 Russian coin
43 Recipe director
44 Cry of scorn
45 Scents
47 Noted English potter
50 Girasol
52 Seed coats

DOWN

1 What push may come to
2 Admit
3 Templeton and Waugh
4 Shakespearean heroine
5 Ottomans
6 Play opening
7 Ticklish
8 "Martha" is one
9 Strong
10 Shirik
11 Brestia's
12 "World Without End," letter
13 Wintertime in N.Y.C.
21 Part of R & R
22 Dutch cheese
25 Wages
27 Avine treats
29 Rounded mass
30 Borough NNE of London
31 Dot's partner
32 Type of mackerel
33 "B.C." character
34 Melon or squash
36 What Fogg took
38 Makes over
40 Garaffe's kin
41 Extra cooks can spoil it
46 Mile layer
48 Judged
49 Point Barrow resident
51 Stagger
53 Athenian
54 Athenian
55 Plume supplier
56 Chapin's widow
57 Harmful
58 "And bed": Peppy's
59 N.M. resort
60 Sharp indentation

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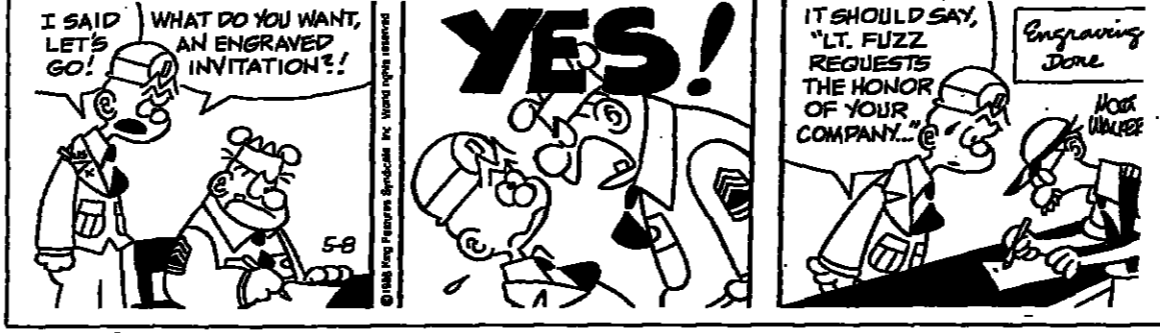
PEANUTS



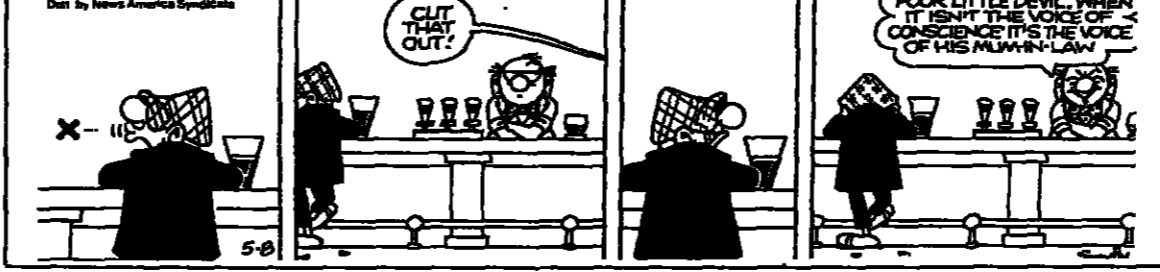
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BEEBLE BAILEY



ANDY CAPP



WIZARD of ID



REX MORGAN



GARFIELD



DENNIS THE MENACE



JUMBLE THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

KREPY

CAGIM

MODDEO

GEENER

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

ANSWER: TRY

(Answer tomorrow)

Yesterday's Jumble: BEFOG CURVE AFFRAY PENMAN
Answer: What do you get when you use soap and water on the stove? — FOAM ON THE RANGE

WEATHER

EUROPE	HIGH	LOW	ASIA	HIGH	LOW
Athens	18	14	Seoul	22	18
Berlin	14	10	Singapore	32	28
Bombay	28	24	Tokyo	22	18
Buenos Aires	22	18	Hong Kong	28	24
Calcutta	28	24	Manila	28	24
Cairo	28	24	Osaka	22	18
London	14	10	Seoul	22	18
Madras	28	24	Singapore	32	28
Mumbai	28	24	Tokyo	22	18
Paris	14	10	Hong Kong	28	24
Rangoon	28	24	Manila	28	24
Singapore	32	28	Osaka	22	18
Tokyo	22	18	Seoul	22	18
Washington	18	14	Singapore	32	28
Yokohama	22	18	Tokyo	22	18

MIDDLE EAST

OCEANIA

THURSDAY'S FORECAST CHAMBERLAIN: Sunny; FRANKFURT: Overcast; DUBLIN: Partly cloudy; LONDON: Showers; PARIS: Partly cloudy; ROME: Partly cloudy; SYDNEY: Partly cloudy; TOKYO: Partly cloudy; WASHINGTON: Partly cloudy.

World Stock Markets
Via Agence France-Press May 7
Closing prices in local currencies unless otherwise indicated.

Market	Index	Change
Amsterdam	348.20	+0.20
Bombay	1018.00	+10.00
London	2325.00	+10.00
Stockholm	121.00	+0.10
Sydney	101.00	+0.10
Tokyo	151.00	+0.10
Zurich	101.00	+0.10

BOOKS

THE CONGRESSMAN'S DAUGHTER
By Craig Nova. 301 pages. \$16.95. Seymour Lawrence/Delacorte Press, 1 Dag Hammarskjold Plaza, New York, N.Y. 10017.

STALLION GATE
By Martin Cruz Smith. 321 pages. \$17.95. Random House, 201 East 50th Street, New York, N.Y. 10022.

Reviewed by Christopher Lehmann-Haupt
THERE seems something a little unwieldy about the narrative technique used by Craig Nova in his powerful new novel, "The Congressman's Daughter." Not that it is a serious distraction, for it is impossible to resist the lure of Nova's story about a congressman from a rural New England town, and his beautiful, strong-willed daughter, Alexandra, and the complex and tragic aftermath of their strife.

It all begins simply, with Pearson teaching his child how to fly-fish for trout by taking her up on her bets that she can wade a little deeper or cast a little farther in the river that flows by their property. Then, after Alexandra has gone to college, Pearson carelessly breaks a fishing date with her at a time when she needs him. She runs off to California and comes back pregnant. At furious loggerheads over whether to keep or abort the child, father and daughter engage in a more serious, angrier competition. Before it can be resolved, events are set in motion that will all but ruin Alexandra's life.

Still, for all the force of this unlikely yet strangely plausible tale, a reader finds himself wondering every so often why Nova, whose previous novels include "The Greek" and "The Good Son," has chosen to cast as his narrator Pearson's nameless next-door neighbor—a man with a shadowy family that never appears onstage, and the curious profession of repairing torn habitats. After all, this neighbor never tries to influence events, no matter how outrageously immoral, and even criminal, the behavior of the actors in the story. And it requires

Solution to Previous Puzzle

BASSETT	MICK	CAR
LEAVE	UCLA	ORE
NICKLEODEON	LIV	
TEN UPNY	BASE	
LEI	TIE	NADER
ALONG	PENNYLANE	
GENEROUS	ALL	
ASSERT	SNOOPS	
TED	SPINNERS	
DIMENOVEL	SEITO	
OMERS	ICI	JAW
OLDS	STUN	ATL
DOL	QUARTERBACK	
AVE	ERLE	FIANCE
DEY	FESS	TARTLE

© 1986

such contrivance to maneuver them into the home to recount their various versions of what is going on that we are occasionally distracted. Yet eventually it becomes clear what Nova is trying to accomplish with this chunky drama. The neighbor in question is really more than the narrator of immediate events; he is a chorus who describes the reaction of the townswomen to what is going on. His role as interlocutor is important because what really engages us in this story is not so much the melodrama in the foreground as the actual drama that frames the action.

Will the cast-ridden townspeople allow the interlopers among them to get away with murder? Ultimately, the force that matters most is "The Congressman's Daughter" is the question of propriety. Propriety is both the villain and the hero of Nova's tale. The way it contends with itself and resolves its own conflicts makes for a penetrating comment on U.S. life—what lends substance and humor to a world that for a while seems to risk deterioration into a pastoral potboiler.

Martin Cruz Smith's previous novel, his fourth, was a tour de force of an international thriller, "Gorky Park," in which the author managed to evoke, at least for an audience unfamiliar with the real thing, the timbre and tone of a criminal investigation set in the Soviet Union. In his new novel, "Stallion Gate," he attempts something almost as daring—a complex drama involving the little society that was created in 1943 to explode the first atomic bomb at the site of Stallion Gate in the desert of New Mexico.

The book gets off to a bold beginning. Joe Pena, a Pueblo Indian imprisoned at Leavenworth for insubordination (the sept with officer's wife), is recruited by the chief of security at Los Alamos to guard and spy on the physicist J. Robert Oppenheimer (or Oppy, as the narrative insists on calling him), whom the security chief suspects of communist sympathies. Hardly has Joe gone to work when he finds himself in bed with the security chief's wife, then off on a murderous quest hunt with his aggrieved superior, who is a vicious racist. There is high drama as Joe's boss tries to gain him down.

But from this point on, the drama dissipates. Joe Pena, irresistible lower, skilled jazz pianist, outstanding heavyweight boxer and sufferer of communist spies such as Klaus Fuchs and Harry Gold, is just a little too good to be true. The plot, which divides and subdivides its point where it equates the question of Pena's postwar happiness with the ethical incinerating whole Japanese cities, is much too complicated to be interesting. Somewhat the debris, one senses the impending moment that genocide begins at home—that before Hiroshima there came the Navajo hunting grounds.

Perhaps there are subtler nesting areas Cruz's writer of melodrama. I may be mistaken in my impression that the good guys are Indians, farmers, blacks and Jews, while the bad guys are Texans and the Axis militarists of World War II. The problem is, one never gets interested enough in the story of "Stallion Gate" to give serious consideration to such important issues.

Christopher Lehmann-Haupt is on the staff of The New York Times.

BRIDGE

By Alan Truscott
THE psychic bidder gender finally observes three guidelines: have an escape suit that is higher-ranking, have favorable vulnerability, and don't use the method with cash on the line.

The East player broke all three rules on the diagrammed deal.

West balanced with one diamond, aware his opponents might now uncover a good spade fit. Over North's takeout double East produced his insidious one of heart. From his angle it was likely that his opponents had a good heart fit. Eventually he had to retreat from three hearts doubled to four diamonds, a contract that would probably have failed by one trick.

But North took the final step into the pit by bidding low trump, and was held to a heart trump, a club and three trump.

East's psychic bid had now reaped its reward, and he doubled with quiet confidence.

A club lead would have been good for the declarer, but West underbid his heart ace. South won in dummy and led the diamond queen, which was covered by the king. East shifted to a trump, won with the queen in dummy.

South now tried to cash the A-K of clubs and the roof fell in. East ruffed and led another trump to collect 900 points. South had no way to score a

WEST (D)

♠ A Q 5
♥ K Q 5
♦ A K 8 6 5
♣ 10 9 8 7

EAST (♠ 10 9 8 7 6 5 4 3 2)

♠ K 3 2
♥ A J 8 7 2
♦ A K 10 9 4
♣ 10 8 7 6 5 4 3 2

West and East were vulnerable.

West North East South
Deal 1 ♠ Pass Pass Pass
2 ♠ 2 ♠ Pass Pass
3 ♠ Pass Pass
4 ♠ Pass Pass
5 ♠ Pass Pass

West led the heart three.

World Stock Markets (continued)

Market	Index	Change
Amsterdam	348.20	+0.20
Bombay	1018.00	+10.00
London	2325.00	+10.00
Stockholm	121.00	+0.10
Sydney	101.00	+0.10
Tokyo	151.00	+0.10
Zurich	101.00	+0.10

SPORTS

Haas Wins 6th as A's Bury Blue Jays, 17-3

Compiled by Our Staff From Dispatches

TORONTO — Dave Kingman, who has been helping Oakland win games for the last two seasons, and Moose Haas, who's only been with the team about a month, combined their talents Tuesday against the Toronto Blue Jays. The result was devastating.

Kingman hit two home runs and drove in five runs, while Haas pitched a three-hitter over seven innings as the A's shellacked the Blue Jays, 17-3.

Oakland's 17 runs and 17 hits are highs for the American League this year.

Haas, who was staked to a 6-0 lead by the second inning, had little trouble in becoming the major league's first six-game winner of the season (he has yet to lose). Toronto hasn't beaten Haas since Sept. 2, 1984 when he was with Milwaukee.

Oakland's offense seems especially potent when Haas pitches: The A's have scored 55 runs in the six games he's started. "When the team jumps out in front, it makes my job a little easier," he said. "Everything's working for me."

Haas struck out five and walked one. His unbeaten start is the best for an Oakland hurler since Matt Keough and Mike Norris both got off to 6-0 starts in 1981. He gave up a bases-empty homer to Jesse Barfield in the fifth; it was Barfield's 93d as a Blue Jay, breaking John Mayberry's club record.

Kingman hit his first home run of the game leading off the second and Mickey Tettleton hit his first of the year to trigger a five-run third. Tony Phillips and Jose Canseco followed with singles, and Kingman hit his sixth homer of the year over the right-center field fence. Carney Lansford capped the binge with a shot into the left-field bleachers, chasing Jimmy Key. The

BASEBALL ROUNDUP

assault left Key (0-3) with an earned-run average of 13.27 in six 1986 starts.

Last year, Key compiled a 14-6 record and 3.00 ERA. Williams said he now might start using him out of the bullpen. Said Key: "I'm a starter, although it certainly doesn't look like that right now. I don't know how much longer they can stick with me in the rotation the way I'm going."

Indians 6, Royals 1: In Cleveland, Andre Thornton homered twice and drove in five runs as the Indians extended their winning streak to nine in a rain-shortened victory. The contest was called after an anticipated thunderstorm hit Municipal Stadium with one out in the bottom of the fifth, minutes after the game had become official.

Angels 6, Red Sox 2: In Boston, Rob Wilfong singled in the decisive run in the eighth as California downed the Red Sox.

Brewers 10, Mariners 0: In Milwaukee, Paul Molitor hit a two-run homer and Ben Oglivie had three hits and drove in two runs to lead a 15-hit attack that buried Seattle. Rookie Juan Nieves pitched his first complete game in the majors as the Brewers won their fifth straight.

Yankees 10, White Sox 6: In Chicago, Dave Winfield drove in the tie-breaking run with an eighth-inning sacrifice fly and Rickey Henderson hit a three-run home run in the ninth to carry New York past the White Sox, who have lost seven of eight. Henderson also stole three bases to increase his league lead to 22; he has stolen 18 bases in his last 17 games.

Rangers 4, Tigers 2: In Arlington, Texas, right-hander Charlie Hough, just off the disabled list after having broken a finger on his pitching hand during spring training, gave up

two runs and six hits while striking out four in 6 1/2 innings to lead Texas past Detroit.

Orioles 5, Twins 3: In Minneapolis, Juan Bonilla, Eddie Murray and Lee Lacy homered, and Storm Davis scattered seven hits through 7 1/2 innings to lift Baltimore. Entering the game, the Orioles had hit only 15 home runs all year.

Reds 2, Braves 0: In the National League, in Cincinnati, a homer by Dave Parker and the combined six-hit pitching of Bill Gullickson and John Franco helped the Reds end a nine-game losing streak and a skid of 11 straight defeats at Riverfront Stadium.

Mets 4, Astros 0: In New York, Dwight Gooden pitched a two-hitter and George Foster hit his first home run of the season as the Mets won for the 15th time in their last 16 games.

Giants 7, Pirates 2: In Pittsburgh, Candy Maldonado and Chris Brown hit two-run homers to back the seven-hit pitching of Mike Krukow as San Francisco won its third straight and ended a Pirate winning streak at four.

Padres 3, Cardinals 2: In St. Louis, pinch hitter Jerry Royster doubled in Leon Roberts from first base with two out in the ninth as the Padres handed St. Louis its 13th loss in 15 games. Jack Clark's home run was the first by a Cardinal in eight games.

Expos 8, Phillies 0: In Philadelphia, Andy McGaffigan posted the first shutout of his major-league career and Vance Law and Andre Dawson hit two-run homers as Montreal coasted to its fourth straight triumph. Loser Steve Carlton (1-5) gave up six runs in five innings.

Cubs 7, Dodgers 6: In Chicago, Leon Durham led off the ninth by homering on reliever Tom Niederauer's 0-2 pitch, edging Los Angeles for the Cubs. Dodger starting pitchers are 13-7 this season; the bullpen is 0-8. (UPI, AP)



Real Madrid Retains UEFA Soccer Cup

Although striker Emilio Butragueno took his lumps from Karl-Heinz Geils (3), and despite Real Madrid's 2-0 loss to Cologne in the second-leg match at Berlin's Olympic Stadium Tuesday

night, the Spanish Club kept soccer's UEFA Cup on 5-3 aggregate. Having won the Champions' Cup from 1956-1960 and again in 1966, Real Madrid captured its eighth European title.

Celtics Dismiss Hawks; Lakers, Rockets Take Leads



Compiled by Our Staff From Dispatches

BOSTON — The Boston Celtics gave the Atlanta Hawks no quarter in the third quarter.

Kevin McHale scored 16 points as the Celtics outscored the Hawks, 36-6, in Tuesday night's third period en route to a 132-99 victory that knocked Atlanta out of the National Basketball Association playoffs. The Hawks' six points was the lowest single-period total in playoff history (the previous low was eight, by the Los Angeles Lakers against Milwaukee in 1972).

While Boston closed out its Eastern Conference semifinal, 4-1, the Lakers and Houston took 3-2 leads in the Western Conference semifinals. The Celtics now await the winner of the Philadelphia-Milwaukee series, which is tied 2-2 going into Wednesday night's game at Milwaukee.

"We were running and they were all confused," said McHale, who finished with 25 points. "They just looked like punch-drunk sailors."

It was 66-55 at halftime, with Larry Bird having scored 24 of his game-high 36 points. Boston had a comfortable 78-61 advantage with 5 1/2 minutes left in the third quarter.

Then came a 24-0 streak that made it 102-61 at the end of the period. The Celtics were 13-for-21 from the field in the quarter and the Hawks 2-for-19.

Said Atlanta Coach Mike Fratello: "We just lost our concentration. There's nothing you can do. You try to substitute, you call timeouts, you hope to stem it. . . . Other than that, there's not much you can do. You can't make trades during the game."

NBA PLAYOFFS

do. You can't make trades during the game."

Rockets 131, Nuggets 103: In Houston, the Rockets also used a big quarter to fuel their victory. In the second period, Houston outscored Denver, 40-20, for a 72-46 halftime bulge.

Houston got big games from its "twin-tower" front line of Akem Ojajuwon and Ralph Sampson. The 7-foot (2.13-meter) Ojajuwon had 36 points and 19 rebounds; Sampson's respective totals were 33 and 17.

The Rocket victory extended Denver's losing streak in Houston to nine, dating to April 11, 1984.

"It was tough — we embarrassed ourselves," said Denver Coach Doug Moe. "I don't mind getting beat, but when you don't give it your best shot and play like garbage, it's depressing. I like to be in the game."

It was the pivotal second period, when he hit only seven of 27 shots.

while the Rockets were 16-of-25 from the field.

Lakers 116, Mavericks 113: In Inglewood, California, Kareem Abdul-Jabbar scored 34 points, including a crucial hook shot with nine seconds left, and Ervin Johnson had 29 points and 14 assists for defending champion Los Angeles.

The Lakers, after two two-point weekend losses in Dallas, pulled away from a 107-107 tie with 2 1/2 minutes to go. Baskets by Michael Cooper, Abdul-Jabbar and Johnson gave them a 113-108 lead with 1:13 left. After Sam Perkins cut the margin to three with :31 to play, Abdul-Jabbar sank a 12-foot sky hook to make it 115-110 with nine seconds remaining. A three-point basket by Dallas' Brad Davis and James Worley's free throw provided the final margin.

"We took care of business," Lakers Coach Pat Riley said. "The ball seemed a little heavy at the free-throw line for Dallas" (the Mavericks made 13 of 33 foul shots), and "I'll bet you bettors Thursday night (in Game 6)."

SCOREBOARD

Baseball

Tuesday's Major League Line Scores

Table with columns for American League and National League games, listing teams, scores, and key players.

Hockey

NHL Playoffs

CONFERENCE FINALS

Table showing NHL playoff results for the Eastern and Western Conferences.

NHL Playoff Schedule

Table listing the schedule for the next round of NHL playoffs.

Tennis

Pro Leaders

Table listing ATP and WTA tour leaders in men's and women's tennis.

Men's Tournament

TOURNAMENT OF CHAMPIONS

Table listing participants and results for the ATP Tour of Champions.

Transition

BASEBALL American League CHICAGO—Purchased the contract of Joe Mauer, pitcher, from Buffalo of the American Association. Sent Rodney Croft, outfielder, to Buffalo.

Flames' Special Units Sink Blues, 5-3

United Press International

ST. LOUIS — Calgary's National Hockey League playoff success against St. Louis corresponds directly to the efficiency of its special

opportunities. (St. Louis went 1-for-4 with a manpower advantage Tuesday.) In the series opener, the Flames converted just one of five power-play chances and lost.

The Flames got on the board 20 seconds into Game 3 — on a power play. "They took a penalty right away and we capitalized," said Calgary Coach Bob Johnston. "It was a big goal."

His St. Louis counterpart, Jacques Demers, agreed. "It makes it a different game. We've talked about bad penalties, and we get one eight seconds into the game." Mark Hunter was whistled for high sticking, and Joe Mullen tallied it two seconds after play resumed.

St. Louis tied things on Bernie Federko's power-play goal, but Lanny McDonald scored at 15:22. The Flames padded the lead 3:37 into the second period when Paul Reinhart passed to a trailing John Taneili, who put home a slapshot from the top of the left faceoff circle.

Gino Cavallini soon cut the deficit to 3-2 and the Blues appeared to be rallying, but Doug Risebrough broke their backs with a short-handed goal at 14:40.

"We had too many breakdowns early," said losing goalie Greg Millen. "We didn't get started until it was too late. That short-handed didn't help at all."

Basketball

NBA Playoffs

CONFERENCE SEMIFINALS

Table showing NBA playoff results for the Eastern and Western Conferences.

NBA Playoff Schedule

Table listing the schedule for the next round of NBA playoffs.

Golf Leaders

Leaders on the Professional Golfers Association Tour

Table listing the top performers on the PGA Tour.

Men's Tournament

TOURNAMENT OF CHAMPIONS

Table listing participants and results for the ATP Tour of Champions.

Drug Tests to Be Conducted At Some NCAA Tournaments

Compiled by Our Staff From Dispatches

KANSAS CITY, Missouri — The National Collegiate Athletic Association has adopted a drug-testing procedure that could disqualify teams from its tournaments if players are found to have taken drugs barred by the association.

NCAA President Jack Davis said Tuesday that the group adopted a list of banned drugs similar to that of the U.S. Olympic Committee. Blood doping (not on the USOC list) also will be illegal, but the NCAA will allow three drugs used for asthma treatment and certain local anesthetics.

The action by the NCAA's executive committee affirmed January's vote at the general convention.

Athletes "who test positive on a verifiable test will be declared ineligible immediately, even though it might be in the middle of a tournament," Davis said. Spot-testing will be conducted after championships, with the finishing place vacated if an athlete tests positive.

Davis said if a team's spot player tests positive, his team would be disqualified and that the team it had lost eliminated would be reinstated. The NCAA sponsors 74 championships in men's and women's sports, but tests will not be conducted in every championship every year. The testing is expected

to begin next fall with the NCAA cross-country regional.

Football players will be tested "as soon as possible" after the various bowl games make their selections, Davis said. In basketball, the testing will be done at tournament regional sites.

Offending players will be disqualified for a minimum of 90 days. Schools can appeal any findings within 24 hours to allow for a second test of the same specimen.

"We are trying to provide championships that are clean of drugs," Davis said. "This is primarily to show the public, the student-athletes and the institutions that we all share in trying to keep intercollegiate athletics free of drugs."

Davis said the executive committee felt that disqualifying a team with a player who tests positive would be the fair thing to do for squads that do not have drug-users.

"A team and a school has a responsibility to police itself," he said. "We believe this would encourage institutions to make thorough drug tests before the start of a championship event."

The committee also voted a 60-40 split with participating teams in all revenue-producing championships besides basketball. The larger share would go to the schools. The current split is 50-50. (UPI, AP)

Liverpool, Juventus: Beau Geste

United Press International

SEVILLE, Spain — Fans of the Liverpool and Juventus soccer clubs exchanged handshakes along with club pennants and ties in a unique gesture against sports-related violence here Wednesday.

They met nearly a year after the Champions' Cup final in Brussels, where 39 fans died in prematch violence. They died in prematch violence. They died in prematch violence.

The Liverpool group included fans injured in the Hays Stadium violence. One, Steve Jackson, exchanged pennants with Juventus supporter Pier Carlos Perreque, and said that "today shows just how pointless violence is between fans. If people got to know each other better the troublemakers would get no support."

Another Juventus fan, Ghinelli Francesco, linked arms with Michael Selby and said, "Hysel is now a sad memory. I only hope the same tragedy never happens again." Then he and Selby went to a nearby bar and had a drink.

Major League Standings

AMERICAN LEAGUE

Table showing American League standings for the East and West divisions.

NATIONAL LEAGUE

Table showing National League standings for the East and West divisions.

Soccer

UEFA CUP (Final)

Cologne 2, Real Madrid 0 (Real Madrid wins 5-3 on aggregate)

BELGIAN CHAMPIONSHIP

Bruges 2, Anderlecht 1 (aggregate 3-2; Anderlecht wins on away goals)

INTERNATIONAL FRIENDLY

Switzerland 3, Algeria 0

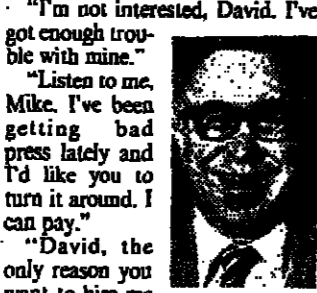
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ART BUCHWALD

A Public Relations Task

WASHINGTON — "Mr. Michael Deaver, please. David Stockman calling."

"I can't do that, David. If I took you on I'd lose every client I have, including South Korea."



Buchwald

"Just a moment." "Yeah, David, what's up?" "Mike, I'm calling you on a business matter. I want you to handle my public relations."

"I'm not interested, David. I've got enough trouble with mine."

"Listen to me, Mike. I've been getting bad press lately and I'd like you to turn it around. I can pay."

"David, the only reason you want to hire me is for my access to the Oval Office. Well, buddy, that access isn't for sale."

"I don't care about your access to the Oval Office. I want you because you're the best PR man in the business. Anybody who could make the president change his mind on acid rain is a genius."

"In a nutshell, David, what's your problem?" "For some reason everyone in Washington is bad-mouthing me. Even the president called my book fiction. I put in a lot of time on it and it hurts when all my friends in the White House give me bad reviews."

"You don't have any friends in the White House."

"That's what I want to hire you. I'd like you to persuade everybody to think I'm really a nice guy."

\$2-Million Getty Gift

For Books Lost in Fire United Press International LOS ANGELES — The J. Paul Getty Trust has given the City of Los Angeles \$2 million to help replace the thousands of books lost in an arson fire at the 60-year-old Central Library.

"Mike, I've never asked you for anything in my life. One photo of Nancy reading 'The Triumph of Politics' to the president is all I'm asking for."

"It can't be done."

"The president doesn't like books about deficits and tax hikes. They bore him."

"I didn't say it would be easy, Mike. If it were easy I wouldn't be hiring you. But just think what a coup it would be if you could make me look good with this administration."

"Even I couldn't pull that one off, David. I was in the White House mess yesterday, and do you know how they refer to you there? 'Stockman, a. k. a. Judas.'"

High Priest Anthony Powell And Legend of 'Fisher King'

By Kathy Stephen

FROM ENGLAND — A curved driveway leads past a lawn scattered with antique busts to The Chantry, the austere gray stone house where Anthony Powell, high priest of the postwar British novel, has lived, written and held court for decades.

Born the son of an army officer and educated at Eton and Oxford, Powell fell in love virtually at first sight and has been married for 51 years to the former Lady Violet Pakenham, who is distantly related to Queen Elizabeth II.

At 80, Powell (the O is long) is still a handsome, robust man. Speaking with the accent that Eton and Oxford produce, he deflected some questions, dismissed others and indicated in general that, though he might have published close to two million words in more than 50 years of writing, he was not going to give anything away.

To Powell fans — and he sells more books in the United States than in Britain — this should come as no surprise. Here is a writer who published four volumes of autobiography ("To Keep the Ball Rolling" through "To Keep the Ball Rolling") managed to devote the vast bulk of it not to revelations about himself but to descriptions of his illustrious friends. For this he offers a compact, very British explanation: "It is better to keep one's deepest thoughts about oneself to oneself."

"I'm much more interested in other people than in me myself as a writer," he said. "I'm interested in myself in normal, selfish ways, but I don't find myself a very interesting figure, in terms of examining myself."

In "A Dance to the Music of Time," he proved himself a master of characterization, creating a galaxy of 400-odd characters in

the upper and middle echelons of British society from the 1920s to the 1970s. Those who enter Powell's world through "Dance" are borne along on a smooth sea of deft, witty prose, only to be jolted occasionally by swift, dark melancholic currents underneath.

Powell is the last of a generation of gentleman English writers who have not only described but played a part in a world of debatare dances, hyphenated surnames and trouble with the servants. He has traced his family back to the 12th century and is teased in the press over what seems an elitist fascination with genealogy; he protests that this hobby stems from curiosity about the interrelatedness of the British classes through history.

Since Powell's early success with his prewar novels, "Afternoon Men" and "Venusberg," he and his wife have been near the center of British literary life, counting as friends most of the great British writers of the century — George Orwell, Evelyn Waugh, Ivy Compton-Burnett, to name a few.

A glittering social life, a long marriage that produced two sons, and consistent success as a novelist — Powell seems to have been that very rare thing, a happy artist.

Well, I suppose I have enjoyed my life as much as anybody can enjoy life at all," he said. "What is if you look on life as enjoyable. There aren't too many people I'd trade my life with. But it's very difficult. For some people their

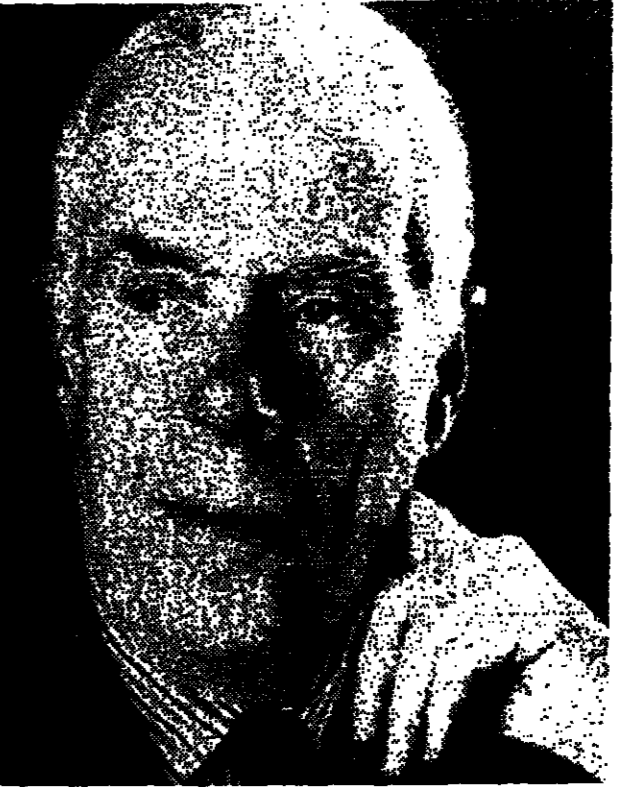
life seems perfectly clear to them, what it's been. I never see my life very clearly."

"I'm not at all jolly — couldn't be less. All roughly what are called comic English writers, they're all tremendously melancholy. One of the things about the English is that I think they always find that they can never really believe in life at all — it all seems totally strange to them."

The ending of "The Fisher King" raised the eyebrows of several critics, who seem astonished that the urbane Powell should leave the characters of what is perhaps his last novel in such a place.

"On the far side of the waters, low rounded hills, soft and mysterious, concealed in luminous haze the frontiers of Thule: the edge of the known world; man's permitted limits; a green-barriered check-point beyond which the fearful catanact of tonantinal seas cascaded down into Chaos."

Powell said: "I don't think there's any immediate prospect of my having a loss at another novel."



Anthony Powell: Not giving anything away.

most the northernmost limit of Britain, and in his descriptions of this territory, symbolic and realistic elements seem to merge, making the book appear a suitable culmination to Powell's life's work.

"I've been on two cruises around Britain. I was very impressed with the extraordinary feeling you had when you're going far north. You do feel slightly as if you were on the edge of the world — this curious freshness and these huge skies."

Though few critics wonder if Powell's works will survive the test of time, he is not complacent about his reputation: "When you think of the people who you thought when you were young were totally safe, and now are forgotten, it's nice to feel one might be remembered. I don't set up to be at all indifferent to fame."

Kathy Stephen is a London-based journalist who specializes in cultural affairs.

PEOPLE

Smith Sculpture Bought For Record \$1.3 Million

A welded steel work by Dale Smith has set a record for a contemporary sculpture, selling for \$1.3 million (including premium at Christie's in New York. But Jasper Johns painting that was expected to set a record went unsold. Smith's 1963 work, titled "V.B. XXIII," was bought by an anonymous collector, said a Christie's spokeswoman. L.H. Friend, John's "Target," a series of blue and yellow concentric circles on a black background, painted in 1961, failed to reach its reserve price, despite a bid of \$2 million.

Martina Navratilova was fined \$1,000 by the U.S. Federal Aviation Administration for carrying a concealed gun and ammunition aboard an airplane in March. An FAA spokesman has confirmed Russell Park of the agency's Los Angeles office said the tennis star told authorities March 2 in San Francisco that a 38-caliber Smith & Wesson and 10 rounds of ammunition were packed in a carry-on case by mistake.

Walt Steger, fresh from a historic dog-sled trip to the North Pole, now intends to try one to the South Pole. "It's a way of life," said Steger, 41, of Ely, Minnesota. "I was born with the spirit of the North." Last week Steger and five comrades, showing signs of frostbite and fatigue, completed the first confirmed trip to the North Pole by dog sled without resupply since Admiral Robert E. Peary located the pole in 1909.

Prince Charles made light of a fainting spell suffered by his wife, Diana, and joked about the persistent rumors that she was pregnant. At a dinner Tuesday night, on the couple's last full day in Vancouver before leaving for Japan, the prince said: "It is really entirely due to the extremely advantageous conditions that obtain in British Columbia — the weather and the general fertile conditions, which have ensured that she's about to have sextuplets, which is really very fainting" in the California pavilion at the end of a five-pavilion tour of the Expo '86 world's fair. The audience seemed stunned, so the prince quickly added: "It's not actually true."

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